
MUNICIPAL ENERGY AGENCY OF NEBRASKA

**SECOND SUPPLEMENTAL
2003 POWER SUPPLY SYSTEM REVENUE BOND RESOLUTION**

relating to

Power Supply System Variable Rate Revenue Bonds

2003 Series B

Adopted August 21, 2003

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**SECOND SUPPLEMENTAL
2003 POWER SUPPLY SYSTEM REVENUE BOND RESOLUTION**

authorizing
Power Supply System Variable Rate Revenue Bonds
2003 Series B

WHEREAS, Municipal Energy Agency of Nebraska ("MEAN") is authorized, pursuant to the provisions of Sections 18-2401 to 18-2485, Reissue Revised Statutes of Nebraska, 1997, as amended (the "Act"), to issue its revenue bonds for the purposes of, among other things, providing funds to acquire "power projects," as such term is defined by the Act, to refund such revenue bonds, and to pay all other costs or expenses of MEAN incident to and necessary or convenient to carry out its purposes and powers; and

WHEREAS, the Board of Directors of MEAN adopted on August 21, 2003 its 2003 Power Supply System Revenue Bond Resolution (the "2003 Bond Resolution"), as supplemented and amended, including by its First Supplemental 2003 Power Supply System Revenue Bond Resolution adopted August 21, 2003, authorizing the issuance of MEAN's Power Supply System Revenue Bonds, 2003 Series A (the "Outstanding Bonds"), and providing for the issuance, pursuant to resolutions supplemental to the 2003 Bond Resolution and on a parity with the Outstanding Bonds, of additional series of revenue bonds, the proceeds of which are to be used to pay all or a portion of the Cost of Acquisition and Construction of the System, as such term is used in the 2003 Bond Resolution; and

WHEREAS, the Board of Directors of MEAN has determined and hereby determines that it is advantageous, necessary and in the best interests of MEAN to issue, sell and deliver in accordance with the 2003 Bond Resolution a series of bonds, to be designated its Power Supply System Variable Rate Revenue Bonds, 2003 Series B (the "2003 Series B Bonds"), and to apply the proceeds thereof for the purposes of paying, together with the proceeds of the 2003 Series B Bonds, as defined herein, a portion of the cost of acquisition and construction of a 6.67% undivided ownership interest in an approximately 790 MW coal-fired, base load electric generating facility located in Pottawattamie County, Iowa (such ownership interest, the "CB4 Project"); and

WHEREAS, it is necessary for MEAN to authorize the execution of a contract of purchase, with respect to the sale of the 2003 Series B Bonds, between MEAN on the one hand, and Morgan Stanley and Bear Stearns, as representatives of a group of underwriters, on the other hand (collectively, the "Underwriters");

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Municipal Energy Agency of Nebraska, as follows:

**ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY**

Section 1.01. Supplemental Resolution; Authority. This Second Supplemental 2003 Power Supply System Revenue Bond Resolution (the "Second Supplemental Resolution")

is supplemental to, and is adopted in accordance with Article II and Article X of, the 2003 Bond Resolution, and is adopted pursuant to the provisions of the Act.

Section 1.02. Definitions.

(a) All terms which are defined in Section 1.01 of the 2003 Bond Resolution shall have the same meanings for purposes of this Second Supplemental Resolution, unless otherwise defined herein.

(b) In this Second Supplemental Resolution:

“Alternate Rate” means, on any Rate Determination Date, the BMA Index. In the event that at any time Municipal Market Data ceases to announce the BMA Index, makes a material change in the method of calculating the BMA Index, or in any other way materially modifies the BMA Index, the Remarketing Agent may make such calculations as may be required to determine the relevant index using a formula and method of calculating such index that it reasonably believes will produce the rate that would have been produced by Municipal Market Data as in effect prior to such cessation, change or modification.

“Auction Agent” shall have the meaning set forth in Exhibit A hereto.

“Auction Date” shall have the meaning set forth in Exhibit A hereto.

“Auction Period” shall have the meaning set forth in Exhibit A hereto.

“Auction Period Rate” shall have the meaning set forth in Exhibit A hereto.

“Auction Procedures” shall have the meaning set forth in Exhibit A hereto.

“Auction Rate Mode” means the mode during which the duration of the Auction Period and the interest rate is determined in accordance with Section 2.12 hereof and Exhibit A hereto.

“Authorized Denominations” means with respect to 2003 Series B Bonds (i) in an Auction Rate Mode, except as otherwise may be provided in the applicable Certificate of Determination, \$25,000 and any integral multiple thereof, (ii) in a Commercial Paper Mode, Daily Mode or Weekly Mode, \$100,000 and any integral multiple thereof and (iii) in a Term Rate Mode or Fixed Rate Mode, \$5,000 and any integral multiple thereof; provided, however, that if as a result of the change in the Mode of the 2003 Series B Bonds from a Term Rate Mode to a Commercial Paper Mode, Daily Mode or Weekly Mode, it is not possible to deliver all the 2003 Series B Bonds required or permitted to be Outstanding in a denomination permitted above, 2003 Series B Bonds may be delivered, to the extent necessary, in different denominations.

“BMA Index” shall have the meaning set forth in Exhibit A hereto.

“Broker-Dealer” shall have the meaning set forth in Exhibit A hereto.

“Business Day” means a day other than (i) a Saturday and Sunday or (ii) a day on which the Trustee, the Tender Agent, the Auction Agent (if the 2003 Series B Bonds are in an Auction

Rate Mode), the Broker-Dealers (if the 2003 Series B Bonds are in an Auction Rate Mode), the Remarketing Agent (if any), the Credit Facility Issuer or banks and trust companies in New York, New York are authorized or required to remain closed.

“*CB4 Project*” has the meaning given to such term in Section 2.02(a) hereof.

“*Certificate of Determination*” shall mean a certificate or certificates of an Authorized Officer of MEAN delivered pursuant to Section 2.03 of this Second Supplemental Resolution, setting forth certain terms and provisions of the 2003 Series B Bonds, as such certificate(s) may be amended and supplemented.

“*Closing Date*” means the date on which the 2003 Series B Bonds are first issued, sold and delivered.

“*Code*” when used with respect to a Series of Bonds, means the Internal Revenue Code of 1986, as amended.

“*Commercial Paper Mode*” means the mode during which the duration of the Interest Periods and the interest rates are determined under Section 2.07 hereof.

“*Commercial Paper Rate Bond*” means any 2003 Series B Bond while in a Commercial Paper Mode.

“*Credit Facility*” means one or more instruments provided by a Credit Facility Issuer as specified in the Certificate of Determination, which may include a bond insurance policy, a letter of credit, contract, agreement or similar credit facility, singly or collectively meeting the requirements of this Second Supplemental Resolution, providing for the payment of principal of and interest on the 2003 Series B Bonds when regularly due, that in the aggregate satisfy the requirements hereof. A Credit Facility and Liquidity Facility may be one and the same instrument or instruments with respect to the 2003 Series B Bonds. If no Credit Facility is in effect with respect to the 2003 Series B Bonds, references to the Credit Facility shall be disregarded.

“*Credit Facility Issuer*” means the issuer of a Credit Facility.

“*Current Mode*” has the meaning specified in Section 2.13(b) hereof.

“*Daily Mode*” means the mode during which 2003 Series B Bonds bear interest at a Daily Rate.

“*Daily Rate*” means an interest rate determined pursuant to Section 2.08 hereof.

“*Defaulted Interest*” has the meaning specified in Section 2.06 hereof.

“*Delivery Office*” means such address as may be specified by the Tender Agent for receiving the 2003 Series B Bonds.

“*DTC*” means The Depository Trust Company, New York, New York, or its successors.

“*Electronic Means*” means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication.

“*Expiration Date*” means the scheduled expiration date of a Liquidity Facility or such scheduled expiration date as it may be extended from time to time as provided therein or the date on which the Liquidity Facility shall terminate pursuant to an election to terminate by MEAN; provided, however, that the “Expiration Date” shall not mean any date upon which a Liquidity Facility is no longer effective by reason of its Termination Date, the date on which all 2003 Series B Bonds are in an Auction Rate Mode or the Fixed Rate Mode, or the expiration of such Liquidity Facility by reason of the obtaining of an alternate Liquidity Facility.

“*Expiration Tender Date*” shall have the meaning set forth in clause (a) of Section 5.05 hereof.

“*Favorable Opinion of Bond Counsel*” means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel to the effect that such action is permitted under the Act, the 2003 Bond Resolution and this Second Supplemental Resolution, and that such action will not impair the exclusion of interest on the 2003 Series B Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the 2003 Series B Bonds).

“*Fixed Rate*” means an interest rate fixed to the maturity date of the 2003 Series B Bonds.

“*Fixed Rate Mode*” means the period during which 2003 Series B Bonds bear interest at a Fixed Rate.

“*Interest Payment Date*” means the following dates upon which interest is payable on 2003 Series B Bonds:

- (a) any Principal Payment Date or Mode Change Date;
- (b) with respect to a Commercial Paper Rate Bond, the Business Day following the last day of the Interest Period therefor;
- (c) with respect to the Daily Mode and the Weekly Mode, the first Business Day of each calendar month;
- (d) with respect to the Term Rate Mode, each April 1 and October 1 prior to the Purchase Date and the Purchase Date;
- (e) with respect to the Auction Rate Mode, each date that is specified as an “Interest Payment Date” in Exhibit A hereto; and
- (f) with respect to the Fixed Rate Mode, each April 1 and October 1, provided that the Interest Payment Dates for the Fixed Rate Mode may be changed in connection with the conversion to such Mode upon receipt of a Favorable Opinion of Bond Counsel.

“Interest Period” means the period of time that any interest rate remains in effect, which period:

(i) with respect to a Commercial Paper Rate Bond, shall be the period of time established by the Remarketing Agent pursuant to Section 2.07 hereof;

(ii) with respect to 2003 Series B Bonds in the Daily Mode, shall be the period from and including a Business Day to and excluding the next Business Day;

(iii) with respect to 2003 Series B Bonds in the Weekly Mode, shall be the periods from and including the Closing Date (if initially issued in the Weekly Mode) or the Mode Change Date that they began to bear interest at the Weekly Rate to and including the following Tuesday and thereafter commencing on each Wednesday to and including Tuesday of the following week;

(iv) with respect to 2003 Series B Bonds in the Term Rate Mode, shall be the period from the Mode Change Date to and including the date selected by MEAN prior to the Mode Change Date as the last day upon which an interest rate determined by the Remarketing Agent pursuant to Section 2.10 hereof shall be in effect and thereafter shall be the period beginning on the day after the end of the prior Interest Period and ending on the date selected by MEAN prior to the end of such Interest Period as the last day upon which an interest rate determined by the Remarketing Agent pursuant to Section 2.10 hereof shall be in effect, provided that no Interest Period shall extend beyond the day preceding any Mandatory Purchase Date or the Maturity Date; and

(v) with respect to 2003 Series B Bonds in the Fixed Rate Mode, shall be the period from and including the Mode Change Date to and including the Maturity Date.

“Investment Securities” means, for purposes of the 2003 Series B Bonds and as used in the 2003 Bond Resolution and this Second Supplemental Resolution, 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:

(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;

(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;

(iii) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase under the 2003 Bond Resolution such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;

(v) certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States that is a member of the Federal Deposit Insurance Corporation or any national banking association (including the Trustee), provided that such certificates of deposit shall either (A) not exceed at any one time in the aggregate 10% of the total capital and surplus of such a bank, trust company or national banking association, and such a bank, trust company or national banking association has a combined capital, surplus and undivided earnings of not less than \$15,000,000, or (B) be continuously and fully secured by such securities as are described in clauses (i) through (iv), inclusive, above which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee (or any correspondent bank, trust company or national banking association designated by the Trustee in the case of certificates of deposit issued by the Trustee), as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(vi) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States that is a member of the Federal Deposit Insurance Corporation or any national banking association (which may include the Trustee) or with government bond dealers reporting to, trading with, and recognized as primary dealers by, a Federal Reserve Bank, secured by any or one or more of the securities described in clause (i), (ii) or (iii) above, provided that any such underlying security shall be continuously maintained at a market value not less than the amount so invested;

(vii) bankers' acceptances and certificates of deposit (in addition to the certificates of deposit provided for by clause (v) above) of any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee) having capital and surplus in the amount of \$100,000,000, provided that the aggregate maturity value of all such bankers'

acceptances and certificates of deposit held at any time as investments of Funds with respect to any particular bank, trust company or national association shall not exceed 25% of its capital and surplus;

(viii) commercial paper which is rated at the time of purchase in the two highest classifications by S&P and by Moody's and which matures not more than 270 days after the date of purchase;

(ix) investment agreements with a minimum rating of "AA" by S&P and "Aa" by Moody's, supported by appropriate opinions of counsel with notice to S&P and Moody's; and

(x) obligations of any state of the United States of America, or of any agency, instrumentality or local government unit of any such state which are, at the time of purchase, rated either by Moody's or by S&P in either of its two highest whole rating categories, for comparable types of debt obligations.

(xi) Any investment fund, including money market funds, which invests solely in obligations described in (i) through (x) above, or rated "AAAm-G," "AAAm" or "AAm" by S&P.

"Joint Ownership Agreement" means the Joint Ownership Agreement, dated as of September 4, 2002, by and among MEAN, MidAmerican Energy Company and the other parties thereto, as such Joint Ownership Agreement may be supplemented and amended.

"Liquidity Amount" means at any time and with respect to (i) Commercial Paper Rate Bonds, an amount equal to the principal amount thereof then Outstanding plus such interest amount as shall then be available to be drawn under the Liquidity Facility applicable thereto, which interest amount shall be not less than an amount equal to such number of days interest thereon, calculated at such interest rate per annum, as shall be specified by a Certificate of Determination; (ii) the 2003 Series B Bonds bearing interest at the Daily Rate or Weekly Rate, an amount equal to the principal amount of the Bonds of the Series then Outstanding plus an interest amount equal to 34 days' interest thereon calculated at the Maximum Rate or a lesser rate specified in the applicable Certificate of Determination on the basis of a 365-day year for the actual number of days elapsed; and (iii) the 2003 Series B Bonds in the Term Rate Mode, an amount equal to the principal amount of such Bonds then Outstanding plus such interest amount as shall then be available to be drawn under the Liquidity Facility applicable thereto, which amount shall not be less than 183 days' interest at the then applicable Term Rate or Rates.

"Liquidity Facility" means any initial letter of credit, standby bond purchase agreement, line of credit, surety bond or any agreement relating to the reimbursement thereof which may be obtained by MEAN pursuant to Section 6.01 hereof and is issued by a financial, insurance or other institution and which provides for the payment of the Purchase Price of the 2003 Series B Bonds, and after the expiration or termination of any such initial Liquidity Facility shall mean an alternate Liquidity Facility that may be obtained by MEAN pursuant to Section 6.01 hereof. A Liquidity Facility and Credit Facility may be one and the same instrument or instruments with

respect to the 2003 Series B Bonds. If no Liquidity Facility is in effect with respect to the 2003 Series Bonds, references to the Liquidity Facility shall be disregarded.

“*Liquidity Facility Issuer*” means the issuer of a Liquidity Facility. If no Liquidity Facility is in effect with respect to the Bonds, references to the Liquidity Facility Issuer shall be disregarded.

“*Mandatory Purchase Date*” means (i) the Purchase Date of 2003 Series B Bonds in the Commercial Paper Mode or the Term Rate Mode, (ii) any Mode Change Date, (iii) any Substitution Date, (iv) any Expiration Tender Date and (v) any Termination Tender Date.

“*Maturity Date*” means, with respect to any Bond, the final date specified therefor in the Certificate of Determination, which in no event shall be later than November 5, 2038.

“*Maximum Auction Rate*” shall have the meaning set forth in Exhibit A hereto.

“*Maximum Rate*” means 14% per annum or such lesser rate as may be specified from time to time in a certificate of an Authorized Officer of MEAN delivered to the Remarketing Agent, Trustee, Registrar and Paying Agent; provided, however, that in no event shall the Maximum Rate exceed the maximum rate permitted by applicable law.

“*Mode*” means the Commercial Paper Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode, the Auction Rate Mode or the Fixed Rate Mode.

“*Mode Change Date*” means, with respect to 2003 Series B Bonds, the date one Mode terminates and another Mode begins.

“*New Mode*” shall have the meaning specified in Section 2.13(b) hereof.

“*Notice Parties*” means MEAN, the Trustee, the Remarketing Agent, the Tender Agent, the Auction Agent, all Broker-Dealers, the Credit Facility Issuer and the Liquidity Facility Issuer.

“*Outstanding*” when used with reference to 2003 Series B Bonds, means, as of any date of calculation, 2003 Series B Bonds theretofore or thereafter authenticated and delivered under the 2003 Bond Resolution except (i) 2003 Series B Bonds no longer deemed to be Outstanding (as such term is defined in the 2003 Bond Resolution) and (ii) 2003 Series B Bonds tendered or deemed tendered in accordance with the provisions of this Second Supplemental Resolution on the applicable Purchase Date, if the purchase price thereof and the interest thereon shall have been paid or amounts are available and set aside for such payment as provided in the Second Supplemental Resolution, except to the extent such 2003 Series B Bonds thereafter may be resold pursuant to the terms of such 2003 Series B Bonds.

“*Person*” means any individual, corporation, partnership, limited partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability corporation or partnership, or governmental entity or any agency or subdivision thereof, or other legal entity or group of entities.

“*Principal Payment Date*” means any date upon which the principal amount of 2003 Series B Bonds is due hereunder at maturity or on any Redemption Date.

“*Purchase Date*” means with respect to any 2003 Series B Bond (i) in the Commercial Paper Mode or the Term Rate Mode, the Business Day after the last day of the Interest Period applicable thereto and (ii) during the Daily Mode or Weekly Mode, any Business Day upon which any 2003 Series B Bond is tendered or deemed tendered for purchase pursuant to Section 5.01 hereof.

“*Purchase Fund*” means the fund that may be established by a Certificate of Determination pursuant to Section 5.07 hereof.

“*Purchase Price*” means an amount equal to the principal amount of any 2003 Series B Bonds plus accrued interest, if any.

“*Rate Determination Date*” means any date on which the interest rate on any 2003 Series B Bonds is required to be determined, being: (i) in the case of any Commercial Paper Rate Bond, the Closing Date and the first day of each Interest Period for any Commercial Paper Rate Bond; (ii) in the case of 2003 Series B Bonds in the Daily Mode, each Business Day; (iii) in the case of any 2003 Series B Bonds in the Weekly Mode, for any Interest Period commencing on any Mode Change Date, the Business Day immediately preceding the respective Mode Change Date, and for other Interest Periods, each Tuesday or, if such Tuesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, the Business Day next preceding such Tuesday; and (iv) in the case of any 2003 Series B Bonds to be, or continue to be, in the Term Rate Mode or Fixed Rate Mode, a Business Day prior to the first day of an Interest Period.

“*Rating Agency*” means each nationally recognized securities rating agency maintaining a rating on the 2003 Series B Bonds at the request of MEAN.

“*Rebate Fund*” has the meaning given to such term in Section 7.05 hereof.

“*Record Date*” means a Regular Record Date or a Special Record Date, as appropriate.

“*Redemption Date*” means the date fixed for redemption of 2003 Series B Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

“*Regular Record Date*” means, with respect to 2003 Series B Bonds (i) in a Commercial Paper Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date, (ii) in the Auction Rate Mode, the Daily Mode or the Weekly Mode, the opening of business on the Business Day next preceding an Interest Payment Date and (iii) in the Term Rate Mode or the Fixed Rate Mode, the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

“*Remarketing Agent*” means the remarketing agent at the time serving as such for the 2003 Series B Bonds pursuant to a resolution of MEAN or a Certificate of Determination.

“*Remarketing Agreement*” means the remarketing agreement entered into by and between MEAN and the Remarketing Agent with respect to the 2003 Series B Bonds.

“*Reserve Policy*” means the insurance policy issued by Financial Security Assurance Inc. in connection with the issuance of the 2003 Series B Bonds for deposit in the Debt Service Reserve Account in the Debt Service Fund.

“*Securities Depository*” means the Securities Depository appointed pursuant to Section 2.04(b) hereof, or any substitute Securities Depository, or any successor to any of them.

“*Special Record Date*” has the meaning set forth in Section 2.06 hereof.

“*Substitution Date*” means the date on which an alternate Liquidity Facility is to be substituted for a then-existing Liquidity Facility in effect pursuant to Section 6.01 hereof.

“*2003 Series A Bonds*” means MEAN’s Power Supply System Revenue Bonds, 2003 Series A, authorized by the First Supplemental 2003 Power Supply System Revenue Bond Resolution adopted on the date of adoption of this Second Supplemental Resolution.

“*2003 Series B Bonds*” means the “Power System Variable Rate Revenue Bonds, 2003 Series B” authorized to be issued pursuant to Section 2.01 hereof.

“*Tax Certificate*” means the Tax and No Arbitrage Certificate executed by MEAN and dated the date of issuance of the 2003 Series B Bonds.

“*Tender Agent*” shall mean the tender agent appointed for the 2003 Series B Bonds, if any, by resolution of MEAN or pursuant to the Certificate of Determination.

“*Termination Date*” means, with respect to a Liquidity Facility, both (i) the date on which such Liquidity Facility shall terminate pursuant to its terms or otherwise be terminated prior to its Expiration Date and (ii) the date on which the obligation of the Liquidity Facility Issuer to provide a loan shall terminate; provided, however, that the “Termination Date” shall not mean the date on which such Liquidity Facility shall terminate pursuant to an election to terminate by MEAN.

“*Termination Tender Date*” shall have the meaning set forth in clause (b) of Section 5.05 hereof.

“*Term Rate*” means an interest rate determined pursuant to Section 2.10(a) hereof.

“*Term Rate Mode*” means the mode during which 2003 Series B Bonds bear interest at a Term Rate.

“*Weekly Mode*” means a period of time during which 2003 Series B Bonds bear interest at a Weekly Rate.

“*Weekly Rate*” means an interest rate determined pursuant to Section 2.09 hereof.

ARTICLE II

AUTHORIZATION OF BONDS

Section 2.01. Principal Amount, Designation, Series and Trustee. Pursuant to the provisions of the 2003 Bond Resolution, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in an aggregate principal amount not to exceed the amount set forth in Section 2.03(a) hereof. Such Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title "Power Supply System Variable Rate Revenue Bonds, 2003 Series B." The aggregate principal amount of such Series of Bonds shall be determined by a Certificate of Determination, subject to the terms of Section 2.03 hereof. The 2003 Series B Bonds shall be initially issued in an Auction Rate Mode, except as otherwise may be provided by the Certificate of Determination.

Section 2.02. Purpose.

(a) The 2003 Series B Bonds are issued for the purpose of paying a portion of the Cost of Acquisition and Construction of the System, to wit: the acquisition of a 6.67% undivided ownership interest in an approximately 790 MW coal-fired, base load electric generating facility located in Pottawattamie County, Iowa (such ownership interest, the "CB4 Project"), pursuant to a Joint Ownership Agreement dated as of September 4, 2002, by and among MEAN, MidAmerican Energy Company and the other parties thereto.

(b) The proceeds of the 2003 Series B Bonds shall be deposited and applied in accordance with a Certificate of Determination.

Section 2.03. Delegation of Authority. There is hereby delegated to Authorized Officers of MEAN, subject to the limitations contained herein, the power to determine and effectuate the following with respect to the 2003 Series B Bonds:

(a) the aggregate principal amount of the 2003 Series B Bonds, provided that such aggregate principal amount shall not exceed \$100,000,000;

(b) the dated date or dates, maturity date or dates and principal amount of each maturity of the 2003 Series B Bonds, the initial interest payment date or dates of the 2003 Series B Bonds, and the date or dates from which the 2003 Series B Bonds shall bear interest;

(c) the initial Interest Periods or the initial Auction Periods and the initial interest rate or rates of the 2003 Series B Bonds, provided that such initial interest rate or rates shall not exceed the Maximum Rate;

(d) the application of the proceeds of the 2003 Series B Bonds, including the interest on the 2003 Series B Bonds to be funded from the proceeds thereof, if any;

(e) redemption provisions of the 2003 Series B Bonds in addition to those specified in Article IV hereof;

- (f) the numbering or other identification of the 2003 Series B Bonds;
- (g) the definitive form of the 2003 Series B Bonds, assignment and Trustee's certificate of authentication thereon;
- (h) the specification, from time to time, of a new Maximum Rate, in accordance with the definition thereof;
- (i) provisions that are deemed advisable by an Authorized Officer of MEAN in connection with a change in the Mode applicable to the 2003 Series B Bonds;
- (j) provisions that are deemed advisable by an Authorized Officer of MEAN in connection with the delivery to the Trustee of a Liquidity Facility and/or a Credit Facility, including determination of the Liquidity Amount and the credit amount of any Credit Facility;
- (k) matters contemplated by Section 3.01 hereof relating to any insurance policy for deposit in the Debt Service Reserve Account in the Debt Service Fund; and
- (l) any other provisions deemed advisable by an Authorized Officer of MEAN not materially in conflict with the provisions of this Second Supplemental Resolution or of the 2003 Bond Resolution.

An Authorized Officer shall execute one or more certificates evidencing determinations or other actions taken pursuant to MEAN granted herein, an executed copy of which shall be delivered to the Trustee. Each such certificate shall be deemed a Certificate of Determination and shall be conclusive evidence of the action or determination of such officer as to the matters stated therein. The provisions of each Certificate of Determination shall be deemed to be incorporated in Article II hereof.

Section 2.04. Designation of the 2003 Series B Bonds as Book Entry Bonds; Appointment of Securities Depository for the 2003 Series B Bonds.

- (a) The 2003 Series B Bonds are hereby authorized to be and shall be issued as Book Entry Bonds within the meaning of and subject to Section 2.02 of the 2003 Bond Resolution.
- (b) In accordance with Section 2.02 of the 2003 Bond Resolution, DTC shall be the initial Securities Depository for the 2003 Series B Bonds.
- (c) The 2003 Series B Bonds shall be initially issued in the form of a separate single, fully registered Bond in the amount of each separate stated maturity of the 2003 Series B Bonds. So long as DTC serves as Securities Depository for the 2003 Series B Bonds, the registered holder of all 2003 Series B Bonds shall be, and each of the 2003 Series B Bonds shall be registered in the name of, DTC or its nominee. So long as any 2003 Series B Bond is registered in the name of DTC in its capacity as Securities Depository for the 2003 Series B Bonds, or its nominee, all payments with respect to the principal or Redemption Price of, and interest on, such 2003 Series B Bond and all

notices with respect to such 2003 Series B Bond shall be made or given, as the case may be, to DTC as may be agreed to by MEAN, the Trustee and DTC.

Transfers of principal, the Redemption Price and interest payments to DTC participants will be the responsibility of DTC. Transfers of such payments to beneficial owners of 2003 Series B Bonds by DTC participants will be the responsibility of such participants, indirect participants and other nominees of such beneficial owners. Payments by the DTC participants to beneficial owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC participant and not of DTC, the Trustee or MEAN, subject to any statutory and regulatory requirements as may be in effect from time to time.

(d) MEAN may establish a record date for purposes of notification of and consents from participants of DTC in connection with any amendment or proposed amendment of the 2003 Bond Resolution or otherwise.

(e) Authorized Officers of MEAN are hereby authorized to enter into such representations and agreements as they deem necessary and appropriate in furtherance of the provisions of this Section.

(f) (i) Upon the discontinuance of the services of DTC as Securities Depository for the 2003 Series B Bonds, MEAN may within 90 days thereafter appoint a substitute securities depository which, in the opinion of MEAN, is willing and able to undertake the functions of Securities Depository under the 2003 Bond Resolution upon reasonable and customary terms. If no such successor can be found within such period, the 2003 Series B Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of a Securities Depository.

(ii) In the event that the 2003 Series B Bonds shall be no longer restricted to being registered in the registration books kept by the Bond Registrar in the name of a Securities Depository as provided in paragraph (i) of this subsection (f), (A) MEAN shall execute and the Trustee shall authenticate and deliver, upon presentation and surrender of the 2003 Series B Bonds, Bond certificates as requested by the Securities Depository therefor of like aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial ownership interests in the 2003 Series B Bonds and (B) the Trustee shall notify the Bond Registrar and the Paying Agents that the 2003 Series B Bonds are no longer restricted to being registered in the registration books kept by the Bond Registrar in the name of a Securities Depository.

Section 2.05. Paying Agent; Offices for Servicing Bonds; Regulations With Respect to Exchange and Transfers.

(a) MEAN hereby appoints the Trustee as the initial Paying Agent for the 2003 Series B Bonds, and reserves the right to appoint any other or additional Paying Agents as permitted by the 2003 Bond Resolution.

(b) MEAN hereby appoints the Trustee as the Bond Registrar to maintain an agency for the registration, transfer or exchange of 2003 Series B Bonds and for the service upon MEAN of notices, demands and other documents, and the Trustee shall continuously maintain or make arrangements to provide such services.

(c) In all cases in which the privilege of exchanging 2003 Series B Bonds or transferring registered 2003 Series B Bonds is exercised, MEAN shall execute and the Trustee shall authenticate and deliver 2003 Series B Bonds, in accordance with the provisions of the 2003 Bond Resolution. Upon the transfer of any 2003 Series B Bond, MEAN shall issue in the name of the transferee a new 2003 Series B Bond or Bonds of the same aggregate principal amount, interest rate and maturity as the surrendered 2003 Series B Bond. All 2003 Series B Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Trustee and canceled or retained by the Trustee. For every such exchange or transfer of 2003 Series B Bonds, MEAN or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange, transfer or registration. Neither MEAN nor the Bond Registrar shall be required (i) to transfer or exchange any 2003 Series B Bonds between a Record Date and next succeeding interest payment date for the 2003 Series B Bonds, or for a period of 15 days next preceding any selection of 2003 Series B Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption, or (ii) to transfer, exchange or register any 2003 Series B Bonds called for redemption.

Section 2.06. Denominations; Method and Place of Payment of Principal and Interest; Dating. The 2003 Series B Bonds shall be issued in the form of fully registered Bonds in Authorized Denominations. The 2003 Series B Bonds shall be numbered and lettered consecutively from R-1 upwards as issued, or as otherwise provided by the Trustee. Accrued and unpaid interest on the 2003 Series B Bonds shall be due on the Interest Payment Dates and paid to the Person in whose name that 2003 Series B Bond is registered at the close of business on the Regular Record Date. Any interest on any 2003 Series B Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such owner, and such Defaulted Interest shall be paid by MEAN to the Persons in whose names the 2003 Series B Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. MEAN shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each 2003 Series B Bond and the date of the proposed payment, and at the same time MEAN shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such

money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this subsection provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment notice of the proposed payment. The Trustee shall promptly notify MEAN of such Special Record Date and, in the name and at the expense of MEAN, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each 2003 Series B Bondholder at his address as it appears in the books of registry kept by the Bond Registrar, not less than 10 days prior to such Special Record Date. The Trustee may, in its discretion, in the name and at the expense of MEAN, cause a similar notice to be published at least once in an Authorized Newspaper, but such publication shall not be a condition precedent to the establishment of such Special Record Date.

Subject to the foregoing provisions of this Section, each 2003 Series B Bond delivered under the 2003 Bond Resolution upon transfer of or in exchange for or in lieu of any other 2003 Series B Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other 2003 Series B Bond.

Interest in the 2003 Series B Bonds shall be payable (a) in the case of 2003 Series B Bonds in a Commercial Paper Mode, the Auction Rate Mode, the Daily Mode or the Weekly Mode, by wire transfer of immediately available funds to the account specified by the Holder in a written direction received by the Trustee on or prior to a Regular Record Date or, if no such account number is furnished, by check mailed by the Trustee to the Holder at the address appearing on the books required to be kept by the Trustee pursuant to this Second Supplemental Resolution, and (b) in the case of 2003 Series B Bonds in the Term Rate Mode and Fixed Rate Mode, by check mailed by the Trustee to the Holder at the address appearing on the applicable Regular Record Date in the books required to be kept by the Trustee pursuant to this Second Supplemental Resolution, except that in the case of a Holder of \$1,000,000 or more in aggregate principal amount of 2003 Series B Bonds, upon the written request of such Holder to the Trustee, received on or prior to a Regular Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds. Any such direction or request shall remain in effect until revoked or revised by such Holder by an instrument in writing delivered to the Trustee. The principal and the Redemption Price on each 2003 Series B Bond shall be payable on its Principal Payment Date, upon surrender thereof at the office of the Trustee. The payment of the Purchase Price of 2003 Series B Bonds on any Purchase Date or Mandatory Purchase Date, as the case may be, shall be made by wire transfer in immediately available funds by the Tender Agent, or, if the Holder has not provided wire transfer instructions, by check mailed to the Holder at the address appearing in the books required to be kept by the Trustee pursuant to the 2003 Bond Resolution.

Each 2003 Series B Bond shall be dated as provided in a Certificate of Determination and shall also show the date of authentication thereof and shall bear interest from the Interest Payment Date next preceding the date of authentication, unless such date of authentication is after a Regular Record Date and on or before the next succeeding Interest Payment Date, in which event such 2003 Series B Bond shall bear interest from and including such Interest Payment Date, or unless such date of authentication is prior to the Regular Record Date with respect to the first Interest Payment Date, in which event such 2003 Series B Bond shall bear

interest from its dated date, until the entire principal amount thereof is paid, provided if, at the time of authentication of any 2003 Series B Bond, interest is in default or overdue thereon, such 2003 Series B Bond shall bear interest from the Interest Payment Date to which interest has previously been paid in full or made available for payment in full.

Interest on 2003 Series B Bonds in the Commercial Paper Mode, the Daily Mode or Weekly Mode shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed to the Interest Payment Date. Interest on 2003 Series B Bonds in the Auction Rate Mode with an Auction Period over 180 days, the Term Rate Mode or Fixed Rate Mode shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on 2003 Series B Bonds in the Auction Rate Mode with an Auction Period of 180 days or less shall be calculated on the basis of a 360-day year for the actual number of days elapsed to the Interest Payment Date.

The interest rates for 2003 Series B Bonds contained in the records of the Trustee shall be conclusive and binding upon MEAN, the Remarketing Agent, the Tender Agent, the Trustee, the Auction Agent, all Broker-Dealers, the Liquidity Facility Issuer, the Credit Facility Issuer and the Holders.

No 2003 Series B Bond may bear interest at an interest rate higher than the Maximum Rate.

Section 2.07. Determination of Interest Rates and Interest Periods During Commercial Paper Mode. Interest Periods in a Commercial Paper Mode shall be of such duration, of at least one day and not more than 270 days, ending on a day next preceding a Business Day or the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section 2.07. In making the determinations with respect to Interest Periods, subject to the limitations imposed by the preceding sentence, the Remarketing Agent shall on each Rate Determination Date select for each 2003 Series B Bond then subject to such adjustment the Interest Period, which, if implemented on such Rate Determination Date, would result in the Remarketing Agent being able to remarket such Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate, provided that if on any Rate Determination Date, the Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such Bond, then the Remarketing Agent shall select the Interest Period which in the judgment of the Remarketing Agent would permit such 2003 Series B Bond to achieve such lower average interest cost; provided, however, that if the Remarketing Agent has received notice from MEAN that any 2003 Series B Bond is to be changed from the Commercial Paper Mode to any other Mode or if it is to be purchased pursuant to Section 5.05, the Remarketing Agent shall, with respect to such 2003 Series B Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date.

By 1:00 p.m. on each Rate Determination Date, the Remarketing Agent shall, with respect to each Commercial Paper Rate Bond that is subject to adjustment on such date, determine an interest rate for the Interest Period then selected for such 2003 Series B Bond and, no later than 1:00 p.m., shall give notice by Electronic Means to the Trustee of the applicable Interest Period, Purchase Date and interest rate.

Anything in this Second Supplemental Resolution to the contrary notwithstanding, no Interest Period shall be implemented if it would cause the principal of and interest on 2003 Series B Bonds in the Commercial Paper Mode to be Outstanding immediately thereafter to be in excess of the Liquidity Amount therefor. No remarketing of 2003 Series B Bonds in the Commercial Paper Mode shall be given effect by the Trustee if it would cause such limitation to be exceeded.

By acceptance of any Commercial Paper Rate Bond, the Holder thereof shall be deemed to have agreed, during each Interest Period, to the interest rate (including the Alternate Rate, if applicable), Interest Period and Purchase Date then applicable thereto and to have further agreed to tender such 2003 Series B Bond to the Tender Agent for purchase on the next succeeding Purchase Date at the Purchase Price. Such Holder further acknowledges that if funds for such purchase are on deposit with the Tender Agent on such Purchase Date, such Holder shall have no rights under the 2003 Bond Resolution other than to receive the payment of such Purchase Price and that interest shall cease to accrue to such Holder on such Purchase Date.

Section 2.08. Determination of Interest Rate During Daily Mode. The interest rate for any 2003 Series B Bond in the Daily Mode shall be the rate of interest per annum determined by the Remarketing Agent on or before 9:30 a.m. on the Rate Determination Date as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Bonds of the Series in the Daily Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The Remarketing Agent shall make the rate available by Electronic Means to each other Notice Party by 10:30 a.m., on the Rate Determination Date. With respect to any day that is not a Business Day, the interest rate shall be the same rate as the interest rate established for the immediately preceding Business Day. The determination of each interest rate by the Remarketing Agent shall, in the absence of manifest error, be conclusive and binding upon the Remarketing Agent, the Tender Agent, the Trustee, the Liquidity Facility Issuer, MEAN and the Holders.

Section 2.09. Determination of Interest Rate During Weekly Mode. If the 2003 Series B Bonds are initially issued in a Weekly Mode, the interest rate for 2003 Series B Bonds for the initial Interest Period shall be the rate of interest per annum set forth in the Certificate of Determination. The initial Interest Payment Date for the 2003 Series B Bonds in a Weekly Mode shall be the date set forth in the applicable Certificate of Determination. For any Interest Period that is not an initial Interest Period, the interest rate for 2003 Series B Bonds in a Weekly Mode for each such Interest Period shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Bonds of the Series in the Weekly Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The Remarketing Agent shall make the rate available by Electronic Means to each other Notice Party by 4:00 p.m., on the Business Day immediately succeeding the Rate Determination Date. The determination of each interest rate by the Remarketing Agent shall be conclusive and binding, in the absence of manifest error, upon the Remarketing Agent, the Tender Agent, the Trustee, the Liquidity Facility Issuer, MEAN and the Holders.

Section 2.10. Determination of Term Rate(s) and Fixed Rate.

(a) **Term Rates.** The Term Rate to be effective for the Interest Period commencing on any Mode Change Date after which 2003 Series B Bonds will bear interest at a Term Rate or any Purchase Date while 2003 Series B Bonds are in the Term Rate Mode shall be determined by the Remarketing Agent. No later than 4:00 p.m. on the Business Day next preceding the Mode Change Date or the Purchase Date, as the case may be, the Remarketing Agent shall determine the Term Rate and shall make the Term Rate available by Electronic Means to each other Notice Party. The Term Rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the 2003 Series B Bonds at a price equal to the principal amount thereof on the Rate Determination Date taking into consideration the duration of the Interest Period, which shall be established by MEAN.

(b) **Fixed Rate.** The Fixed Rate to be effective for the Interest Period commencing on any Mode Change Date after which 2003 Series B Bonds will bear interest at a Fixed Rate, shall be determined by the Remarketing Agent. No later than 4:00 p.m. on the Business Day next preceding the Mode Change Date, the Remarketing Agent shall determine the Fixed Rate and shall make the Fixed Rate available by Electronic Means to each other Notice Party. The Fixed Rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the 2003 Series B Bonds at a price equal to the principal amount thereof on the Rate Determination Date taking into consideration the duration of the Interest Period.

(c) **Failure To Establish Term Rate or Fixed Rate.** If, for any reason, a Term Rate or Fixed Rate cannot be established on a Purchase Date, the 2003 Series B Bonds, other than 2003 Series B Bonds in an Auction Rate Mode, will be changed automatically to the Weekly Mode on the Purchase Date.

Section 2.11. Alternate Rate for Interest Calculation. In the event (i) the Remarketing Agent fails to determine the interest rate(s) or Interest Periods with respect to the 2003 Series B Bonds, or (ii) the method of determining the interest rate(s) or Interest Periods with respect to the 2003 Series B Bonds shall be held to be unenforceable by a court of law of competent jurisdiction, the 2003 Series B Bonds shall thereupon, until such time as the Remarketing Agent again makes such determination or until there is delivered to MEAN and the Trustee a Favorable Opinion of Bond Counsel, bear interest at the Weekly Rate in the case of Commercial Paper Rate Bonds and Bonds in the Daily Mode and Term Rate Mode and, in the case of 2003 Series B Bonds in the Weekly Rate Mode, bear interest at the Alternate Rate for subsequent Weekly Periods.

Section 2.12. Determination of Interest Rate and Auction Period During Auction Rate Mode.

(a) During any Auction Rate Mode, the 2003 Series B Bonds shall bear interest at the Auction Period Rate for each Auction Period determined as set forth in this Section 2.12 and Exhibit A hereto. The provisions of such Exhibit A shall be deemed to be incorporated in Article II hereof. To the extent that the 2003 Series B Bonds are

initially issued in an Auction Rate Mode, (i) the initial Auction Period for such 2003 Series B Bonds shall commence from and include the Closing Date and shall expire on and include the date set forth in the Certificate of Determination, (ii) the initial Auction Date for such 2003 Series B Bonds shall be the date set forth in the Certificate of Determination and (iii) the Auction Period Rate for the initial Auction Period for such 2003 Series B Bonds shall be the interest rate set forth in the Certificate of Determination. The initial Auction Period immediately after any change in the Mode applicable to the 2003 Series B Bonds to an Auction Rate Mode, shall commence from and include the Mode Change Date and shall expire on the date determined and certified to the Trustee (with a copy to the Remarketing Agent and the Credit Facility Issuer) by MEAN on or before the Mode Change Date. The initial Auction Date immediately after any change in the Mode applicable to the 2003 Series B Bonds to an Auction Rate Mode, shall be the date determined and certified to the Trustee (with a copy to the Remarketing Agent and the Credit Facility Issuer) by MEAN on or before the Mode Change Date. The Auction Period Rate for any initial Auction Period immediately after any change in the Mode applicable to the 2003 Series B Bonds to an Auction Rate Mode, shall be the rate of interest per annum determined and certified to the Trustee (with a copy to MEAN and the Credit Facility Issuer) by the Remarketing Agent on a date not later than the Mode Change Date as the minimum rate of interest which, in the opinion of the Remarketing Agent, would be necessary as of such date to market 2003 Series B Bonds in an Auction Rate Mode in a secondary market transaction at a price equal to the principal amount thereof, provided that such interest rate shall not exceed the Maximum Rate. After the initial Auction Period, the first Auction Period following the initial Auction Period shall be an Auction Period set forth in the Certificate of Determination. Thereafter, each Auction Period shall be an Auction Period set forth in the Certificate of Determination, unless such Auction Period is changed to a daily, seven-day, 28-day, 35-day, three-month, six-month or a Special Auction Period in accordance with Exhibit A hereto. For any other Auction Period that is not an initial Auction Period, the Auction Period Rate shall be the rate of interest determined in accordance with Exhibit A.

- (b) All 2003 Series B Bonds shall be in the same Auction Period.

Section 2.13. Changes in Mode.

(a) **Changes.** Any Mode may be changed to any other Mode at the times and in the manner hereinafter provided. Subsequent to such change in Mode, the 2003 Series B Bonds may again be changed to a different Mode at the times and in the manner hereinafter provided. 2003 Series B Bonds converted to a Fixed Rate Mode may be changed to another Mode only (i) on a day on which MEAN would be permitted to redeem the 2003 Series A Bonds pursuant to, and at the redemption price provided in, Section 4.01(e) hereof, or (ii) following MEAN's purchase of such Bonds pursuant to Section 4.03 hereof, and in either case, must be accompanied by a Favorable Opinion of Bond Counsel.

(b) **Notice of Intention To Change Mode.** MEAN shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (the "Current Mode") to another Mode (the "New Mode") specified in such

written notice, together with the proposed Mode Change Date. In addition, such a notice also shall be given to each Rating Agency if the change is to a Mode other than the Auction Rate Mode or the Fixed Rate Mode. Each such notice shall be given; (i) at least 15 days prior to the Mode Change Date, if the Current Mode is the Auction Rate Mode, the Daily Mode, the Weekly Mode, or the Commercial Paper Mode, (ii) at least 30 days prior to the Mode Change Date if the Current Mode is the Term Rate Mode or a Fixed Rate Mode, or (iii) a lesser number of days prior to the Mode Change Date to the extent such shorter period is approved by DTC.

(c) *General Provisions Applying to Changes From one Mode to Another.*

(i) The Mode Change Date must be a Business Day.

(ii) Additionally, the Mode Change Date:

(A) from the Commercial Paper Mode shall be the last Purchase Date for the Commercial Paper Rate Bonds with respect to which a change is to be made;

(B) from a Term Rate Mode shall be the Purchase Date of the current Interest Period;

(C) from an Auction Rate Mode shall be an Interest Payment Date; provided, however, in the case of a Special Auction Period of 92 or more days such date shall be the Interest Payment Date following the last day of such Special Auction Period; and

(D) from a Fixed Rate Mode shall be a date on which the Fixed Rate Bonds with respect to which a change is to be made are subject to optional redemption pursuant to Section 4.01(e).

(iii) On or prior to the date MEAN provides the notice to the Notice Parties pursuant to Section 2.13(b) hereof, MEAN shall deliver to the Trustee a letter from counsel acceptable to the Trustee and addressed to the Trustee (with a copy to all other Notice Parties) to the effect that it expects to be able to deliver a Favorable Opinion of Bond Counsel on the Mode Change Date.

(iv) No change in Mode will become effective unless all conditions precedent thereto have been met and the following items shall have been delivered to the Trustee and the Remarketing Agent by 2:30 p.m., or such later time as is acceptable to MEAN, the Trustee and the Remarketing Agent, on the Mode Change Date:

(A) except in the case of a change in Mode pursuant to Section 2.10(c) or Section 2.13(c)(vi), a Favorable Opinion of Bond Counsel dated the Mode Change Date; and

(B) with respect to a change in the Mode from an Auction Rate Mode to any other Mode, a certificate of an authorized officer of the Tender Agent to the effect that all of the 2003 Series B Bonds tendered or deemed tendered have been purchased at a price equal to the Purchase Price thereof, which Purchase Price shall be paid solely from the proceeds of remarketing and shall not be payable by MEAN.

(v) If all conditions to the Mode Change are met, the Interest Period(s) or the Auction Period for the New Mode shall commence on the Mode Change Date and the Interest Rate(s) (together, in the case of a change to the Commercial Paper Mode, with the Interest Period(s)) shall be determined by the Remarketing Agent in the manner provided in Sections 2.07, 2.08, 2.09, 2.10 and 2.12, as applicable.

(vi) With respect to a change in the Mode from any Mode other than an Auction Rate Mode to any other Mode, in the event the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and the Bonds of the Series that are the subject of the Mode Change Notice will be changed to Bonds in the Weekly Mode on the Mode Change Date.

(vii) With respect to a change in the Mode from an Auction Rate Mode to any other Mode, in the event the foregoing conditions have not been satisfied, the 2003 Series B Bonds that are subject to the Mode Change Notice will continue to bear interest in the Auction Rate Mode and the Auction Period Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures; provided, however, that the Auction Period Rate for the Auction Period commencing on the failed Mode Change Date shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(d) ***Partial Mode Changes and Subseries Designations.***

(i) Less than all of the 2003 Series B Bonds subject to a particular Mode may be converted to another Mode pursuant to this Section 2.13; provided, however, that in such event the 2003 Series B Bonds shall be redesignated into one or more subseries for each separate Mode with a new CUSIP number for each subseries.

(A) If less than all of the 2003 Series B Bonds subject to a particular Mode are converted to another Mode pursuant to this Section 2.13, the particular 2003 Series B Bonds or portions thereof which are to be converted to a new Mode shall be selected by the Trustee in its discretion subject to the provisions hereof regarding Authorized Denominations of 2003 Series B Bonds subject to such Mode.

(B) To the extent that 2003 Series B Bonds are issued in or redesignated into one or more subseries, references herein to 2003

Series B Bonds shall be deemed to refer to 2003 Series B Bonds of such subseries.

ARTICLE III

RESERVE INSURANCE

Section 3.01. Authorization of Debt Service Reserve Insurance. In connection with the issuance of the 2003 Series B Bonds, MEAN proposes to purchase a Reserve Policy. The obtaining of the Reserve Policy, and the payment of the premium therefor, and the execution and delivery of any agreement relating thereto, are hereby authorized and approved. The Certificate of Determination shall identify the Reserve Policy Provider and may include any provisions necessary or desirable to satisfy conditions imposed by the provider on the issuance of the Reserve Policy.

ARTICLE IV

REDEMPTION OF 2003 SERIES B BONDS

Section 4.01. Optional Redemption.

(a) 2003 Series B Bonds in the Commercial Paper Mode shall be subject to redemption at the option of MEAN, in whole or in part, on their respective Purchase Dates at the Redemption Price, plus accrued interest to the Redemption Date.

(b) 2003 Series B Bonds in the Auction Rate Mode shall be subject to redemption at the option of MEAN, in whole or in part, on any Interest Payment Date immediately following an Auction Period, at the Redemption Price, plus accrued interest to the Redemption Date; provided, however, that in the event of a partial redemption of 2003 Series B Bonds in an Auction Rate Mode, the aggregate principal amount of 2003 Series B Bonds in an Auction Rate Mode which will remain outstanding shall be equal to or more than \$4,000,000 unless otherwise consented to by each Broker-Dealer.

(c) 2003 Series B Bonds in the Daily Mode or Weekly Mode shall be subject to redemption at the option of MEAN, in whole or in part, on any Interest Payment Date, at the Redemption Price, plus accrued interest to the Redemption Date.

(d) 2003 Series B Bonds in a Term Rate Mode during an Interest Period that is less than four years shall be subject to redemption at the option of MEAN, in whole or in part on their individual Purchase Dates, at the Redemption Price, plus interest accrued to the Redemption Date.

(e) 2003 Series B Bonds in the Term Rate Mode during an Interest Period that is equal to or greater than four years or 2003 Series B Bonds in the Fixed Rate Mode are subject to redemption at the option of MEAN, in whole or in part, on any date following the "No Call Period" set forth below at the Redemption Prices set forth below:

Duration of Interest Period in Term Rate Mode or Fixed Rate Mode	No Call Period (commencing on the date of commencement of the Term Rate or Fixed Rate Mode Interest Period)	Redemption Price
Greater than or equal to 11 years	8 years	101%, declining by 1% on each succeeding anniversary of the end of the no call period until reaching 100% and thereafter at 100%
Greater than or equal to 8 years and less than 11 years	6 years	101%, declining by 1% on each succeeding anniversary of the end of the no call period until reaching 100% and thereafter at 100%
Greater than or equal to 4 years and less than 8 years	3 years	100½%, declining by ½% on each succeeding anniversary of the end of the no call period until reaching 100% and thereafter at 100%
Duration of Interest Period in Fixed Rate Mode is less than 4 years	Bonds are not subject to optional redemption	N/A

(f) MEAN may, in connection with a change to a Term Rate Mode or Fixed Rate Mode, or on any Purchase Date for 2003 Series B Bonds bearing interest at a Term Rate, alter its rights as described above in Section 4.01(e) to redeem any 2003 Series B Bonds on and after the Mode Change Date or Purchase Date, as the case may be, without the consent of Holders of the 2003 Series B Bonds, provided that notice describing the alteration shall be submitted to the Tender Agent, the Trustee and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

(g) The 2003 Series B Bonds may be subject to such additional redemption provisions as may be specified in the Certificate of Determination.

Section 4.02. Notice of Redemption. Notice of the redemption of each 2003 Series B Bond in accordance with the 2003 Bond Resolution shall be mailed by the Trustee, or if the Trustee shall so direct, by the Tender Agent. The Trustee shall furnish the form of such notice to the Tender Agent.

Section 4.03. Purchases of Bonds in Lieu of Redemption. Notwithstanding anything contained herein to the contrary, MEAN may elect to purchase any 2003 Series B Bonds that have been called for redemption under Section 4.01 hereof on the redemption date by giving the Trustee, the Remarketing Agent, the Liquidity Facility Issuer and the Credit Facility Issuer written notice at least two (2) Business Days prior to the date the 2003 Series B Bonds are to be redeemed. Any 2003 Series B Bonds so purchased by MEAN cannot be sold or transferred by

MEAN (or any person acting on its behalf) or remarketed by the Remarketing Agent without the delivery by MEAN to the Trustee of a Favorable Opinion of Bond Counsel and the written consent of the Credit Facility Issuer.

ARTICLE V

PURCHASE OF 2003 SERIES B BONDS

Section 5.01. Optional Tenders of Bonds in Daily Mode and Weekly Mode.

(a) Any 2003 Series B Bond (or portions thereof in Authorized Denominations) in the Daily Mode is subject to purchase, on the demand of the Holder thereof, at a price equal to the Purchase Price on any Business Day (such purchase to be made on the Business Day upon which such demand is made), upon irrevocable telephonic notice to the Tender Agent and the Remarketing Agent (promptly confirmed in writing by such Holder, delivered to the Tender Agent and the Remarketing Agent by telecopier by 11:00 a.m., New York City time, at their respective Principal Offices) which states the number and principal amount of such Bond being tendered and the Purchase Date. Such tender notice, once transmitted to the Tender Agent, shall be irrevocable with respect to the tender for which such tender notice was delivered and such tender shall occur on the Business Day specified in such Tender Notice. The Tender Agent shall, as soon as practicable, notify the Trustee of the principal amount of 2003 Series B Bonds being tendered. The contents of any such irrevocable telephonic tender notice shall be conclusive and binding on all parties.

(b) The Holders of 2003 Series B Bonds in a Weekly Mode may elect to have such Bonds (or portions thereof in Authorized Denominations) purchased at a price equal to the Purchase Price upon delivery of an irrevocable written notice of tender, or irrevocable telephonic notice of tender to the Tender Agent and Remarketing Agent, promptly confirmed in writing to the Tender Agent and the Remarketing Agent at their respective Principal Offices, not later than 4:00 p.m. on a Business Day not less than seven days before the Purchase Date specified by the Holder. Such notice shall (i) state the number and the principal amount of such Bond being tendered and (ii) state that such Bond shall be purchased on the Purchase Date so specified by the Holder. The Tender Agent shall notify the Trustee by the close of business on the next succeeding Business Day of the receipt of any notice pursuant to this paragraph.

(c) Notwithstanding anything herein to the contrary, during any period that the 2003 Series B Bonds are issued registered in the name of DTC or a nominee thereof pursuant to this Second Supplemental Resolution, (i) any notice of tender delivered pursuant to this Section shall also (A) provide evidence satisfactory to the Tender Agent and the Remarketing Agent that the party delivering the notice is the beneficial owner or a custodian for the beneficial owner of the Bonds referred to in the notice, and (B) if the beneficial owner is other than a DTC participant, identify the DTC participant through whom the beneficial owner will direct transfer; (ii) on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC participant, cause its DTC participant to direct) the transfer of said 2003 Series B Bond on the records of DTC;

and (iii) it shall not be necessary for 2003 Series B Bonds to be physically delivered on the date specified for purchase thereof, but such purchase shall be made as if such 2003 Series B Bonds had been so delivered, and the purchase price thereof shall be paid to DTC. In accepting a notice of tender of any 2003 Series B Bonds pursuant to this Section, the Trustee and the Tender Agent may conclusively assume that the person providing the notice of tender is the beneficial owner of the 2003 Series B Bonds being tendered and therefore entitled to tender them. The Trustee and Tender Agent assume no liability to anyone in accepting a notice of tender from a person whom it reasonably believes to be such a beneficial owner of the 2003 Series B Bonds.

Section 5.02. Mandatory Purchase at end of Commercial Paper Mode Interest Periods. Each 2003 Series B Bond in the Commercial Paper Mode shall be subject to mandatory tender for purchase on its Purchase Date at the Purchase Price. No notice of such mandatory purchase shall be given to the Holders.

Section 5.03. Mandatory Purchase on any Mode Change Date. The 2003 Series B Bonds to be changed to any Mode from any other Mode are subject to mandatory tender for purchase on the Mode Change Date at the Purchase Price.

Section 5.04. Mandatory Purchase at end of Term Rate Period. The 2003 Series B Bonds in the Term Rate Mode are subject to mandatory tender for purchase on each Purchase Date at the Purchase Price.

Section 5.05. Mandatory Purchase Upon Expiration Date, Termination Date and Substitution Date. The 2003 Series B Bonds shall be subject to mandatory tender for purchase on:

- (a) the second Business Day preceding the Expiration Date of a Liquidity Facility, which second Business Day is hereinafter referred to as an "Expiration Tender Date;"
- (b) the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of a Liquidity Facility, which fifth calendar day is hereinafter referred to as a "Termination Tender Date," if the Liquidity Facility permits a draw thereon on the Termination Tender Date; and
- (c) the Substitution Date for a Liquidity Facility.

Section 5.06. Notice of Mandatory Tender for Purchase.

(a) The Trustee shall, at least 15 days prior to the Expiration Tender Date with respect to 2003 Series B Bonds, give notice of the mandatory tender of the 2003 Series B Bonds on such Expiration Tender Date if it has not theretofore received confirmation that the Expiration Date has been extended.

(b) The Trustee shall, at least 15 days prior to the Termination Tender Date with respect to 2003 Series B Bonds, give notice of the mandatory tender of the 2003 Series B Bonds on such Termination Tender Date if it has not theretofore received a

notice executed by MEAN and the Liquidity Facility Issuer, stating that the event which resulted in the establishment of the Termination Tender Date has been cured.

(c) The Trustee shall, at least 30 days prior to any Substitution Date with respect to a Liquidity Facility relating to any 2003 Series B Bonds, give notice of the mandatory tender of such Bonds on such 2003 Series B Substitution Date.

(d) The Trustee shall, at least 30 days prior to any Purchase Date for Term Rate Bonds or any Mode Change Date if the Current Mode is the Term Rate Mode or the Fixed Rate Mode, and at least 15 days prior to any Mode Change Date if the Current Mode is the Auction Rate Mode, the Daily Mode, the Weekly Mode or the Commercial Paper Mode, give notice of the mandatory tender for purchase of such 2003 Series B Bonds on such Purchase Date.

(e) Except as provided in Section 5.02, notice of any mandatory tender of 2003 Series B Bonds shall state that such 2003 Series B Bonds are to be purchased pursuant to Section 5.03, 5.04 or 5.05 and shall be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Holder of 2003 Series B Bonds at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase shall identify the reason for the mandatory tender for purchase, and specify the Mandatory Purchase Date, the Purchase Price, the place and manner of payment, that the Holder has no right to retain such 2003 Series B Bonds and that no further interest will accrue from and after the Mandatory Purchase Date to such Holder. Each notice of mandatory tender for purchase caused by a change in the Mode applicable to the 2003 Series B Bonds shall in addition specify (1) the conditions that must be satisfied pursuant to Section 2.13 hereof in order for the new Mode to become effective, and (2) the consequences of the failure to satisfy any of such conditions. In the event a mandatory tender of 2003 Series B Bonds shall occur at or prior to the same date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase shall control. The Trustee shall give a copy of any notice of mandatory tender given by it to the other Notice Parties. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder of any 2003 Series B Bond receives the notice, and the failure of such Holder to receive any such notice shall not affect the validity of the action described in such notice. Failure by the Trustee to give a notice as provided in this section shall not affect the obligation of the Tender Agent to purchase the 2003 Series B Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

Section 5.07. Purchase Fund. A Purchase Fund may be established in a Certificate of Determination in connection with the delivery to the Trustee of a Liquidity Facility, which fund, if established, shall be held by the Tender Agent and may have such separate accounts as shall be established in such Certificate of Determination. Such Purchase Fund and accounts therein may be established for the purpose of depositing moneys obtained from (i) the remarketing of 2003 Series B Bonds, (ii) draws under a Liquidity Facility and (iii) MEAN, and such deposited moneys shall be used solely to pay the Purchase Price of 2003 Series B Bonds or to reimburse a Liquidity Facility Issuer.

Section 5.08. Remarketing of 2003 Series B Bonds; Notices.

(a) **Remarketing of 2003 Series B Bonds.** The Remarketing Agent for 2003 Series B Bonds shall offer for sale and use its best efforts to find purchasers for (i) all Bonds of such Series or portions thereof as to which notice of tender pursuant to Section 5.01 has been given and (ii) all 2003 Series B Bonds required to be tendered for purchase.

(b) **Notice of Remarketing; Registration Instructions; New Bonds.**

(i) The Remarketing Agent shall notify the Tender Agent by Electronic Means not later than 12:00 noon (1:00 p.m. in the case of 2003 Series B Bonds in the Commercial Paper Mode and the Daily Mode) on the Purchase Date or Mandatory Purchase Date of the registration instructions (i.e., the names of the tendering Holders and the names, addresses and taxpayer identification numbers of the purchasers, the desired Authorized Denominations and, in the case of 2003 Series B Bonds in the Commercial Paper Mode, the Daily Mode or the Weekly Mode, any account number for payment of principal and interest furnished by a purchaser to the Remarketing Agent) with respect thereto; and

(ii) Unless otherwise permitted by the Securities Depository and the book-entry-only system applicable to the 2003 Series B Bonds, the Tender Agent shall authenticate and have available for delivery to the Remarketing Agent prior to 1:30 p.m. on the Purchase Date or Mandatory Tender Date new 2003 Series B Bonds for the respective purchasers thereof.

(c) **Transfer of Funds.** Except as otherwise provided in a Certificate of Determination:

(i) The Remarketing Agent shall at or before 12:00 noon (1:00 p.m. in the case of 2003 Series B Bonds in the Commercial Paper Mode and the Daily Mode) on the Purchase Date or Mandatory Purchase Date, as the case may be, (x) notify MEAN and the Tender Agent by Electronic Means of the amount of tendered 2003 Series B Bonds that were successfully and not successfully remarketed, and (y) confirm to the Tender Agent the transfer of the Purchase Price of remarketed 2003 Series B Bonds to the Tender Agent in immediately available funds at or before 12:45 p.m. (1:45 p.m. in the case of 2003 Series B Bonds in the Commercial Paper Mode and the Daily Mode), such confirmation to include the pertinent Fed Wire reference number.

(ii) MEAN shall cause to be transferred to the Tender Agent immediately available funds by 2:30 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, in an amount equal to the Purchase Price of all 2003 Series B Bonds tendered or deemed tendered less the aggregate amount of remarketing proceeds transferred to the Tender Agent by the Remarketing Agent pursuant to Section 5.09(a) hereof.

Section 5.09. Source of Funds for Purchase of 2003 Series B Bonds. On or before the close of business on the Purchase Date or the Mandatory Purchase Date with respect to 2003 Series B Bonds, the Tender Agent shall purchase such 2003 Series B Bonds from the Holders at the Purchase Price. Except as otherwise provided in a Certificate of Determination, funds for the payment of such Purchase Price shall be derived in the order of priority indicated:

- (a) immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of the 2003 Series B Bonds; and
- (b) immediately available funds transferred by MEAN to the Tender Agent, including, without limitation, amounts available under the Liquidity Facility.

Section 5.10. Delivery of Bonds. Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, the 2003 Series B Bonds sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Bonds by 3:00 p.m. on the Purchase Date or the Mandatory Purchase Date, as the case may be. The 2003 Series B Bonds purchased with moneys provided by MEAN shall be delivered at the direction of MEAN.

Section 5.11. Delivery and Payment for Purchased 2003 Series B Bonds; Undelivered 2003 Series B Bonds. Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, the 2003 Series B Bonds purchased pursuant to this Article shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date or Mandatory Purchase Date, as the case may be, at the office of the Tender Agent; provided, however, that payment of the Purchase Price of any 2003 Series B Bond purchased pursuant to Section 5.01 hereof shall be made only if such Bond so delivered to the Tender Agent conforms in all respects to the description thereof in the notice of tender. Payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Purchase Date or Mandatory Purchase Date, as the case may be, or, if the Holder has not provided or caused to be provided wire transfer instructions, by check mailed to the Holder at the address appearing in the books required to be kept by the Trustee pursuant to this Second Supplemental Resolution. If 2003 Series B Bonds to be purchased are not delivered by the Holders to the Tender Agent by 12:00 noon on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Tender Agent shall hold any funds received for the purchase of those 2003 Series B Bonds in trust in a separate account and shall pay such funds to the former Holders upon presentation of the 2003 Series B Bonds subject to tender. Any such amounts shall be held uninvested. Such undelivered 2003 Series B Bonds shall be deemed tendered and cease to accrue interest as to the former Holders on the Purchase Date or the Mandatory Purchase Date, as the case may be, and moneys representing the Purchase Price shall be available against delivery of those 2003 Series B Bonds at the Principal Office of the Tender Agent; provided, however, that any funds which shall be so held by the Tender Agent and which remain unclaimed by the former Holder of any such 2003 Series B Bond not presented for purchase for a period of two years after delivery of such funds to the Tender Agent, shall, to the extent permitted by law, upon request in writing by MEAN and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to MEAN free of any trust or lien and thereafter the former Holder of such 2003 Series B Bond shall look only to MEAN and then only to the extent of the amounts so received by MEAN

without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the purchase price of such 2003 Series B Bonds. The Tender Agent shall authenticate a replacement 2003 Series B Bond for any undelivered 2003 Series B Bond which may then be remarketed by the Remarketing Agent.

ARTICLE VI

CREDIT FACILITIES AND LIQUIDITY FACILITIES

Section 6.01. Credit Facility and Liquidity Facility.

(a) At any time, MEAN may obtain or provide for the delivery to the Trustee of an initial Liquidity Facility or an alternate Liquidity Facility with respect to 2003 Series B Bonds. MEAN shall not obtain a Liquidity Facility for the 2003 Series B Bonds or provide for the delivery of a Liquidity Facility for the 2003 Series B Bonds to the Trustee without the prior consent of the Credit Facility Issuer for the 2003 Series B Bonds. Any such Liquidity Facility shall provide that a Termination Tender Date shall not occur unless the issuer thereof gives to MEAN or Trustee written notice thereof at least 30 days prior to the Termination Tender Date. On or prior to the date on which a Liquidity Facility is obtained or delivered to the Trustee, MEAN shall furnish to the Trustee a Favorable Opinion of Bond Counsel. As provided in Section 5.05 hereof, all Outstanding 2003 Series B Bonds will become subject to mandatory tender for purchase on or before the Substitution Date.

(b) MEAN shall deliver to the Trustee and the Tender Agent a copy of each Liquidity Facility obtained pursuant to this article on the effective date of such Liquidity Facility. In the event of an extension of the Expiration Date, MEAN shall give the Trustee and the Tender Agent a written notice of the new Expiration Date at least 16 days prior to the Expiration Tender Date. In the event of a substitution of a Liquidity Facility with an alternate Liquidity Facility, MEAN shall give the Trustee and the Tender Agent a written notice of the Substitution Date at least 31 days prior to such Substitution Date. MEAN shall give the Trustee and Tender Agent a written notice of any Termination Tender Date at least 16 days prior to such Termination Tender Date. MEAN shall give the Trustee and Tender Agent a written notice of its election to terminate the Liquidity Facility at least 16 days prior to the Expiration Tender Date resulting from its election to terminate such Liquidity Facility.

(c) Each Liquidity Facility shall provide for draws thereon or borrowings therefrom, in the aggregate, in an amount at least equal to the Liquidity Amount for the 2003 Series B Bonds. Each Credit Facility shall provide for draws thereon or borrowings therefrom, in the aggregate, in an amount at least equal to the credit amount for the 2003 Series B Bonds as set forth in the Certificate of Determination.

(d) If MEAN provides for the delivery to the Trustee of a Liquidity Facility or Credit Facility, the provisions of this Article VI may be supplemented by a Certificate of Determination which shall provide for additional terms and provisions relating to such initial or alternate Liquidity Facility.

ARTICLE VII

COVENANTS

Section 7.01. Remarketing Agent. MEAN shall appoint and employ the services of a Remarketing Agent while the 2003 Series B Bonds are in the Daily Mode, the Weekly Mode or the Commercial Paper Mode. MEAN shall appoint and employ the services of a Remarketing Agent prior to any Purchase Date or Mode Change Date while the 2003 Series B Bonds are in the Term Rate Mode or the Auction Rate Mode. No appointment of the Remarketing Agent for the 2003 Series B Bonds shall be effective without the consent of the issuer of the Credit Facility securing the 2003 Series B Bonds. Such consent shall be deemed to have been given if such Credit Facility Issuer unreasonably withholds its consent. MEAN shall have the right to remove the Remarketing Agent as provided in the Remarketing Agreement. MEAN shall, upon a written direction of the issuer of a Credit Facility securing the 2003 Series B Bonds, remove the Remarketing Agent for the 2003 Series B Bonds if the Remarketing Agent fails to comply with its obligations under the Remarketing Agreement.

Section 7.02. Tender Agent. MEAN shall appoint and employ the services of a Tender Agent while the 2003 Series B Bonds are in the Daily Mode, the Weekly Mode, the Term Rate Mode or the Commercial Paper Mode. MEAN shall appoint and employ the services of a Tender Agent prior to any Purchase Date or Mode Change Date while the 2003 Series B Bonds are in the Term Rate Mode or the Auction Rate Mode.

Section 7.03. Auction Agent. MEAN shall direct the Trustee in writing to appoint and employ the services of an Auction Agent while the 2003 Series B Bonds are in the Auction Rate Mode. The Trustee shall upon such direction appoint the Auction Agent. No appointment of the Auction Agent for the 2003 Series B Bonds shall be effective without the consent of the issuer of the Credit Facility securing the 2003 Series B Bonds. Such consent shall be deemed to have been given if such Credit Facility Issuer unreasonably withholds its consent. The Trustee shall have the right to remove the Auction Agent as provided in the Auction Agreement. The Trustee shall, upon a written direction of the issuer of a Credit Facility securing the 2003 Series B Bonds, remove the Auction Agent for the 2003 Series B Bonds if the Auction Agent fails to comply with its obligations under the Auction Agreement.

Section 7.04. Broker-Dealers. MEAN shall appoint and employ the services of one or more Broker-Dealers for the 2003 Series B Bonds that are in the Auction Rate Mode.

Section 7.05. Tax Covenants. MEAN covenants that it shall not use or permit the use of any proceeds of the 2003 Series B Bonds or any other funds of MEAN from whatever source derived, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any 2003 Series B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, or which would otherwise cause interest on the 2003 Series B Bonds to become included in gross income for purposes of federal income taxation. MEAN covenants that it shall at all times do and perform all acts and things permitted by law and which are necessary or desirable in order to assure that interest paid by MEAN on the 2003 Series B Bonds shall not be included in gross income for purposes of

federal income taxation and be exempt from all income taxation, other than any applicable minimum tax, under the Code or any other valid provision of law.

In particular, but without limitation, MEAN further represents, warrants and covenants to comply with the following restrictions of the Code, unless such compliance is not necessary in the opinion of nationally recognized bond counsel, as follows:

(a) Proceeds of the 2003 Series B Bonds will not be used in a manner which will cause the 2003 Series B Bonds to be considered "private activity bonds" within the meaning of Section 141 of the Code.

(b) The 2003 Series B Bonds shall not become directly or indirectly federally guaranteed. The 2003 Series B Bonds will be considered to be "federally guaranteed" if the payment of principal or interest with respect to any such 2003 Series B Bonds is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) or 5% or more of the proceeds of any such 2003 Series B Bonds are used in making loans the payment of principal or interest with respect to which are guaranteed or invested (directly or indirectly) in federally insured deposits or accounts.

(c) The Trustee shall establish a trust fund (the "2003 Series B Rebate Fund") pursuant to this Second Supplemental Resolution for the purpose of accepting deposits of rebate amounts which may occur by operation of the limitations desired in the Tax Certificate executed and delivered by MEAN in connection with the issuance, sale and delivery of the 2003 Series B Bonds. The Trustee is hereby authorized to deposit moneys in the 2003 Series B Rebate Fund or withdraw moneys from the 2003 Series B Rebate Fund in order to administer the 2003 Series B Rebate Fund and comply with the Tax Certificate. MEAN shall provide not later than 30 days after the fifth Bond Year and every five years thereafter for payment to the United States of 90% of the amounts deposited to the corresponding account of the 2003 Series B Rebate Fund and 100% of the investment earnings on said deposits. Not later than 60 days after the final retirement of the 2003 Series B Bonds, MEAN shall pay 100% of the remaining balance of the corresponding account of the 2003 Series B Rebate Fund to the United States. Each payment shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by a copy of Form 8038-T and a statement summarizing the determination of the amounts paid and to be paid to the United States.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. No Defeasance in Daily or Weekly Mode. Notwithstanding Section 12.01 of the 2003 Bond Resolution, no 2003 Series B Bonds in the Daily Mode or Weekly Mode may be defeased pursuant to such Section 12.01.

Section 8.02. Additional Right To Amend. This Second Supplemental Resolution may be amended without consent of the Holders of Bonds or of the Trustee and only with the consent of the issuer of the Credit Facility securing the 2003 Series B Bonds affected by such

amendment, at any time or from time to time, (i) for the purpose of making changes in the provisions hereof relating to the characteristics and operational provisions of the Modes of Bonds or (ii) in order to provide for and accommodate Credit Facilities or Liquidity Facilities for the 2003 Series B Bonds. Each such amendment shall become effective, (i) with respect to the 2003 Series B Bonds in any Mode other than the Commercial Paper Mode, on any Mandatory Purchase Date applicable to the 2003 Series B Bonds affected by such amendment next following the filing of a copy thereof, certified by an Authorized Officer, with the Trustee, the Tender Agent, the Remarketing Agent, the Broker-Dealer, the Credit Facility Issuer and the Liquidity Facility Issuer with respect to the 2003 Series B Bonds and (ii) with respect to the 2003 Series B Bonds in a Commercial Paper Mode, on the Purchase Date for the longest Interest Period applicable to 2003 Series B Bonds affected by such amendment next following the filing of a copy thereof prior to the Purchase Date for the shortest Interest Period applicable to 2003 Series B Bonds of such Series, certified by an Authorized Officer, with the Trustee, the Tender Agent, the Remarketing Agent, the Credit Facility Issuer and the Liquidity Facility Issuer with respect to the 2003 Series B Bond.

Section 8.03. Notices.

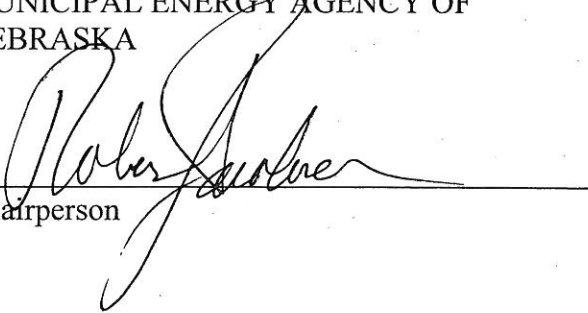
- (a) **Notices to Holders.** All notices required to be given to Holders of 2003 Series B Bonds under this Second Supplemental Resolution, unless otherwise expressly provided in this Second Supplemental Resolution, shall be given by first-class mail, postage prepaid.
- (b) **Notices to Rating Agencies.** MEAN shall give prior written notice to each rating agency then maintaining a rating on the 2003 Series B Bonds at the request of MEAN of any of the following events:
- (i) Any change of Trustee, and the appointment and any change of Tender Agent or Remarketing Agent;
 - (ii) Any material changes to the 2003 Bond Resolution, including this Second Supplemental Resolution that affect the Bonds;
 - (iii) Any changes to the Liquidity Facility, the Credit Facility or any agreement with the Liquidity Facility Issuer, Credit Facility Issuer, Remarketing Agent or Tender Agent pertaining to the 2003 Series B Bonds;
 - (iv) Any expiration, termination or extension of any Liquidity Facility or Credit Facility or the obtaining of an alternate Liquidity Facility or alternate Credit Facility pertaining to the Bonds;
 - (v) Any action in connection with a change to a Term Rate Mode or Fixed Rate Mode or Commercial Paper Mode; and
 - (vi) Any redemption, defeasance, mandatory tender or acceleration of all the Outstanding 2003 Series B Bonds.

Section 8.04. Effective Date. This Second Supplemental Resolution shall take effect immediately (i) upon the filing with the Trustee of a copy of this Second Supplemental Resolution certified by an Authorized Officer of MEAN, and (ii) upon the filing with the Trustee of the Opinion of Counsel required by Section 10.03(b) of the 2003 Bond Resolution with respect to this Second Supplemental Resolution.

Passed and approved August 21, 2003.

(SEAL)

MUNICIPAL ENERGY AGENCY OF
NEBRASKA



Chairperson

Attest:

Secretary-Treasurer

Section 8.04. Effective Date. This Second Supplemental Resolution shall take effect immediately (i) upon the filing with the Trustee of a copy of this Second Supplemental Resolution certified by an Authorized Officer of MEAN, and (ii) upon the filing with the Trustee of the Opinion of Counsel required by Section 10.03(b) of the 2003 Bond Resolution with respect to this Second Supplemental Resolution.

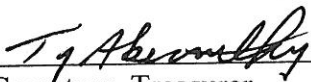
Passed and approved August 21, 2003.

(SEAL)

MUNICIPAL ENERGY AGENCY OF
NEBRASKA

Chairperson

Attest:



Secretary-Treasurer

MUNICIPAL ENERGY AGENCY OF NEBRASKA

EXHIBIT A

to

**SECOND SUPPLEMENTAL
2003 POWER SUPPLY SYSTEM REVENUE BOND RESOLUTION**

Auction Rate Mode Provisions

AUCTION RATE MODE PROVISIONS

ARTICLE I

DEFINITIONS

In addition to the words and terms elsewhere defined, or whose defined meanings are incorporated by reference, in the Second Supplemental 2003 Power Supply System Revenue Bond Resolution authorizing Power Supply System Variable Rate Revenue Bonds, 2003 Series B, adopted by the Board of Directors of MEAN on August 21, 2003 (the "Second Supplemental Resolution"), the following words and terms as used in this Exhibit A and elsewhere in the Second Supplemental Resolution have the following meanings with respect to 2003 Series B Bonds in an Auction Rate Mode unless the context or use indicates another or different meaning or intent:

"*Agent Member*" means a member of, or participant in, the Securities Depository who shall act on behalf of a Bidder.

"*Auction*" means each periodic implementation of the Auction Procedures.

"*Auction Agent*" means the auctioneer appointed in accordance with Section 3.01 or 3.02 of this Exhibit A.

"*Auction Agreement*" means an agreement between MEAN, the Auction Agent and the Trustee pursuant to which the Auction Agent agrees to follow the procedures specified in this Exhibit A, with respect to the 2003 Series B Bonds in an Auction Rate Mode, as such agreement may from time to time be amended or supplemented.

"*Auction Date*" means during any period in which the Auction Procedures are not suspended in accordance with the provisions hereof, (a) if the 2003 Series B Bonds are in a daily Auction Period, each Business Day, (b) if the 2003 Series B Bonds are in a Special Auction Period, the last Business Day of the Special Auction Period, and (c) if the 2003 Series B Bonds are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such 2003 Series B Bonds (whether or not an Auction shall be conducted on such date); provided, however, that the last Auction Date with respect to the Bonds of any Series in an Auction Period other than a daily Auction Period or Special Auction Period shall be the earlier of (i) the Business Day next preceding the Interest Payment Date next preceding the Mode Change Date for such 2003 Series B Bonds and (ii) the Business Day next preceding the Interest Payment Date next preceding the Maturity Date for such Bonds; and provided, further, that if the 2003 Series B Bonds are in a daily Auction Period, the last Auction Date shall be the earlier of (A) the Business Day next preceding the Mode Change Date for such Bonds and (B) the Business Day next preceding the Maturity Date for the 2003 Series B Bonds. The last Business Day of a Special Auction Period shall be the Auction Date for the Auction Period which begins on the next succeeding Business Day, if any. On the Business Day preceding the conversion from a daily Auction Period to another Auction Period, there shall be two Auctions, one for the last daily Auction Period and one for the first Auction Period following the conversion.

“*Auction Multiple*” means, as of any Auction Date, the Percentage of Index (in effect on such Auction Date) determined as set forth below, based on the Prevailing Rating of the 2003 Series B Bonds in effect at the close of business on the Business Day immediately preceding such Auction Date:

Prevailing Rating	Percentage of Index
AAA/Aaa	150%
AA/Aa	175
A/A	225
BBB/Baa	250
Below BBB/Baa	300

“*Auction Period*” means:

- (i) a Special Auction Period;
- (ii) with respect to 2003 Series B Bonds in a daily Auction Period, a period beginning on each Business Day and extending to but not including the next succeeding Business Day;
- (iii) with respect to 2003 Series B Bonds in a seven-day Auction Period and with Auctions generally conducted on (a) Fridays, a period of generally seven-days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (b) Mondays, a period of generally seven-days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (c) Tuesdays, a period of generally seven-days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (d) Wednesdays, a period of generally seven-days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day; provided, however, that if such Wednesday is the day before Thanksgiving Day, on the Monday following such Wednesday), and (e) Thursdays, a period of generally seven-days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day

which is followed by a Business Day; provided, however, that if such Thursday is Thanksgiving Day, on the Monday following such Thursday);

(iv) with respect to 2003 Series B Bonds in a 28 day Auction Period and with Auctions generally conducted on (a) Fridays, a period of generally 28 days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the fourth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (b) Mondays, a period of generally 28 days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the fourth Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (c) Tuesdays, a period of generally 28 days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fourth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (d) Wednesdays, a period of generally 28 days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the fourth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day; provided, however, that if such Wednesday is the day before Thanksgiving Day, on the Monday following such Wednesday), and (e) Thursdays, a period of generally 28 days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the fourth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day; provided, however, that if such Thursday is Thanksgiving Day, on the Monday following such Thursday);

(v) with respect to 2003 Series B Bonds in a 35 day Auction Period and with Auctions generally conducted on (a) Fridays, a period of generally 35 days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Sunday) and ending on the fifth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (b) Mondays, a period of generally 35 days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Monday) and ending on the fifth Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (c) Tuesdays, a period of generally 35 days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Tuesday) and ending on the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (d) Wednesdays, a period of generally 35 days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Wednesday) and ending on the fifth Wednesday

thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day; provided, however, that if such Wednesday is the day before Thanksgiving Day, on the Monday following such Wednesday), and (e) Thursdays, a period of generally 35 days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Thursday) and ending on the fifth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day; provided, however, that if such Thursday is Thanksgiving Day, on the Monday following such Thursday);

(vi) with respect to 2003 Series B Bonds in a three month Auction Period, a period of generally three months (or shorter period upon a conversion from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the first day of the month that is the third calendar month following the beginning date of such Auction Period (unless such first day of the month is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day); and

(vii) with respect to 2003 Series B Bonds in a six month Auction Period, a period of generally six months (or shorter period upon a conversion from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the next succeeding April 1 or October 1 (unless such April 1 or October 1 is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

provided, however, that

(viii) if there is a conversion of 2003 Series B Bonds with Auctions generally conducted on Fridays (a) from a daily Auction Period to a seven day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on the next succeeding Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (b) from a daily Auction Period to a 28 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on the Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (c) from a daily Auction Period to a 35 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(ix) if there is a conversion of 2003 Series B Bonds with Auctions generally conducted on Mondays (a) from a daily Auction Period to a seven day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest

Payment Date for the prior Auction Period) and will end on the next succeeding Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (b) from a daily Auction Period to a 28 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on the Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (c) from a daily Auction Period to a 35 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(x) if there is a conversion of 2003 Series B Bonds with Auctions generally conducted on Tuesdays (a) from a daily Auction Period to a seven day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on the next succeeding Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (b) from a daily Auction Period to a 28 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (c) from a daily Auction Period to a 35 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(xi) if there is a conversion of 2003 Series B Bonds with Auctions generally conducted on Wednesdays (a) from a daily Auction Period to a seven day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on the next succeeding Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (b) from a daily Auction Period to a 28 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on the Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (c) from a daily Auction Period to a 35 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion; and

(xii) if there is a conversion of 2003 Series B Bonds with Auctions generally conducted on Thursdays (a) from a daily Auction Period to a seven day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on the next succeeding Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (b) from a daily Auction Period to a 28 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on the Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (c) from a daily Auction Period to a 35 day Auction Period, the next Auction Period will begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and will end on Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion.

“*Auction Period Rate*” means the rate of interest to be borne by the 2003 Series B Bonds during each Auction Period determined in accordance with Section 2.03 of this Exhibit A; provided, however, in no event may the Auction Rate exceed the Maximum Rate.

“*Auction Procedures*” means the procedures for conducting Auctions for 2003 Series B Bonds in an Auction Rate Mode as set forth in this Exhibit A.

“*Auction Rate*” means, for each Auction Period, (a) if Sufficient Clearing Bids exist, the Winning Bid Rate; provided, however, if all of such 2003 Series B Bonds are the subject of Submitted Hold Orders, the Minimum Auction Rate with respect to such 2003 Series B Bonds and (b) if Sufficient Clearing Bids do not exist, the Maximum Auction Rate with respect to such 2003 Series B Bonds.

“*Available Bonds*” means, on each Auction Date, the aggregate principal amount of the 2003 Series B Bonds that are not the subject of Submitted Hold Orders.

“*Bid*” has the meaning specified in subsection (a) of Section 2.01 of this Exhibit A.

“*Bidder*” means each Existing Holder and Potential Holder who places an Order.

“*BMA Index*” means the Bond Market Association Municipal Swap Index as of the most recent date for which such Index was published or such other weekly high grade index comprised of seven-day, tax-exempt variable rate demand notes as may be produced by Municipal Market Data, or its successor, or as otherwise designated by the Bond Market Association.

“*Broker-Dealer*” means any entity that is permitted by law to perform the function required of a Broker-Dealer described in this Exhibit A that is a member of, or a direct participant in, the Securities Depository, that has been selected by MEAN, and that is a party to a Broker-Dealer Agreement with the Auction Agent and MEAN.

“*Broker-Dealer Agreement*” means an agreement among the Auction Agent, MEAN and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in this Exhibit A, as such agreement may from time to time be amended or supplemented.

“*Default Rate*” means, in respect of any Auction Period other than a daily Auction Period, a per annum rate equal to 300% of the Index determined on the Auction Date next preceding the first day of such Auction Period or in the case of 2003 Series B Bonds in a daily Auction Period, 300% of the Index determined on the Auction Date which was the first day of such Auction Period; provided, however, the Default Rate shall not exceed the Maximum Rate.

“*Existing Holder*” means a person who is listed as the beneficial owner of 2003 Series B Bonds in the records of the Auction Agent.

“*Hold Order*” has the meaning specified in subsection (a) of Section 2.01 of this Exhibit A.

“*Index*” shall have the meaning specified in Section 2.06 of this Exhibit A.

“*Interest Payment Date*” means (a) when used with respect to any Auction Period other than a daily Auction Period or a Special Auction Period, the Business Day immediately following such Auction Period, (b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding such Auction Period, (c) when used with respect to a Special Auction Period of (i) seven or more but fewer than 92 days, the Business Day immediately following such Special Auction Period, or (ii) 92 or more days, (A) in the case of 2003 Series B Bonds with Auctions generally conducted on Fridays, each thirteenth Monday after the first day of such Special Auction Period or the next Business Day if such Monday is not a Business Day and on the Business Day immediately following such Special Auction Period, (B) in the case of 2003 Series B Bonds with Auctions generally conducted on Mondays, each thirteenth Tuesday after the first day of such Special Auction Period or the next Business Day if such Tuesday is not a Business Day and on the Business Day immediately following such Special Auction Period, (C) in the case of 2003 Series B Bonds with Auctions generally conducted on Tuesdays, each thirteenth Wednesday after the first day of such Special Auction Period or the next Business Day if such Wednesday is not a Business Day and on the Business Day immediately following such Special Auction Period, (D) in the case of 2003 Series B Bonds with Auctions generally conducted on Wednesdays, each thirteenth Thursday after the first day of such Special Auction Period or the next Business Day if such Thursday is not a Business Day and on the Business Day immediately following such Special Auction Period, or (E) in the case of 2003 Series B Bonds with Auctions generally conducted on Thursdays, each thirteenth Friday after the first day of such Special Auction Period or the next Business Day if such Friday is not a Business Day and on the Business Day immediately following such Special Auction Period.

“*Market Agent*” means, with respect to any 2003 Series B Bonds, a Broker-Dealer for such 2003 Series B Bonds upon the execution of a Broker-Dealer Agreement.

“*Maximum Auction Rate*” means as of any Auction Date, the product of the Index multiplied by the Auction Multiple; provided, however, that in no event shall the Maximum Auction Rate exceed the Maximum Rate, anything herein to the contrary notwithstanding.

“Minimum Auction Rate” means, as of any Auction Date, with respect to 2003 Series B Bonds, 55% of the Index in effect on such Auction Date.

“Moody’s” means Moody’s Investors Service.

“No Auction Rate” means, as of any Auction Date, with respect to 2003 Series B Bonds, the rate determined by multiplying the Percentage of Index set forth below, based on the Prevailing Rating of such Bonds in effect at the close of business on the Business Day immediately preceding such Auction Date, by the Index:

Prevailing Rating	Percentage of Index
AAA/Aaa	65%
AA/Aa	70
A/A	85
Below A/A	100

provided, however, in no event shall the No Auction Rate exceed the Maximum Auction Rate.

“Order” means a Hold Order, Bid or Sell Order.

“Potential Holder” means any Person, including any Existing Holder, who may be interested in acquiring a beneficial interest in the 2003 Series B Bonds in addition to the 2003 Series A Bonds currently owned by such Person, if any.

“Prevailing Rating” means, (a) when such term is used in the definition of the No Auction Rate, (i) AAA/Aaa, if the 2003 Series B Bonds shall have a rating of AAA or better by S&P and a rating of Aaa or better by Moody’s, (ii) if not AAA/Aaa, AA/Aa if the 2003 Series B Bonds shall have a rating of AA- or better by S&P and a rating of Aa3 or better by Moody’s, (iii) if not AAA/Aaa or AA/Aa, A/A if the 2003 Series B Bonds shall have a rating of A- or better by S&P and a rating of A3 or better by Moody’s, and (iv) if not AAA/Aaa, AA/Aa or A/A, then below A/A, whether or not the 2003 Series B Bonds are rated by any Rating Agency, and (b) when such term is used in the definition of the Auction Multiple, (i) AAA/Aaa, if the 2003 Series B Bonds shall have a rating of AAA or better by S&P and a rating of Aaa or better by Moody’s, (ii) if not AAA/Aaa, AA/Aa if the 2003 Series B Bonds shall have a rating of AA- or better by S&P and a rating of Aa3 or better by Moody’s, (iii) if not AAA/Aaa or AA/Aa, A/A if the 2003 Series B Bonds shall have a rating of A- or better by S&P and a rating of A3 or better by Moody’s, (iv) if not AAA/Aaa, AA/Aa or A/A, BBB/Baa if the 2003 Series B Bonds shall have a rating of BBB- or better by S&P and a rating of Baa3 or better by Moody’s, and (v) if not AAA/Aaa, AA/Aa, A/A or BBB/Baa, then below BBB/Baa, whether or not the 2003 Series B Bonds are rated by any Rating Agency. For purposes of this definition, S&P’s rating categories of “AAA,” “AA-,” “A-” and “BBB-” and Moody’s rating categories of “Aaa,” “Aa3,” “A3” and “Baa3” shall be deemed to refer to and include the respective rating categories correlative thereto in the event that any such Rating Agencies shall have changed or modified their generic rating categories or if any successor thereto appointed in accordance with the definitions thereof shall use different rating categories. If the 2003 Series B Bonds are not rated by a Rating Agency, the

requirement of a rating by such Rating Agency shall be disregarded. If the ratings for the 2003 Series B Bonds are split between two of the foregoing categories, the lower rating shall determine the Prevailing Rating. If there is no rating, then the Auction Period Rate shall be the Maximum Auction Rate.

“*Principal Office*” means, with respect to the Auction Agent, the office thereof designated in the Auction Agreement as the office of the Auction Agent to which notices, requests or communications should be sent.

“*Sell Order*” has the meaning specified in subsection (a) of Section 2.01 of this Exhibit A.

“*Special Auction Period*” means any period of not less than seven nor more than 1,092 days which is not another Auction Period and which begins on an Interest Payment Date and ends (a) in the case of 2003 Series B Bonds with Auctions generally conducted on Fridays, on a Sunday unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (b) in the case of 2003 Series B Bonds with Auctions generally conducted on Mondays, on a Monday unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (c) in the case of 2003 Series B Bonds with Auctions generally conducted on Tuesdays, on a Tuesday unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (d) in the case of 2003 Series B Bonds with Auctions generally conducted on Wednesdays, on a Wednesday unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, and (e) in the case of 2003 Series B Bonds with Auctions generally conducted on Thursdays, on a Thursday unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day.

“*S&P*” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“*Submission Deadline*” means 1:00 p.m., New York City time, on each Auction Date for 2003 Series B Bonds not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date for 2003 Series B Bonds in a daily Auction Period, or such other time on such date as shall be specified from time to time by the Auction Agent pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent.

“*Submitted Bid*” has the meaning specified in subsection (b) of Section 2.03 of this Exhibit A.

“*Submitted Hold Order*” has the meaning specified in subsection (b) of Section 2.03 of this Exhibit A.

“*Submitted Order*” has the meaning specified in subsection (b) of Section 2.03 of this Exhibit A.

“*Submitted Sell Order*” has the meaning specified in subsection (b) of Section 2.03 of this Exhibit A.

“Sufficient Clearing Bids” means an Auction for which the aggregate principal amount of 2003 Series B Bonds that are the subject of Submitted Bids by Potential Holders specifying one or more rates not higher than the Maximum Auction Rate is not less than the aggregate principal amount of 2003 Series B Bonds that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Holders specifying rates higher than the Maximum Auction Rate.

“Winning Bid Rate” means the lowest rate specified in any Submitted Bid for 2003 Series B Bonds which if selected by the Auction Agent as the Auction Period Rate would cause the aggregate principal amount of 2003 Series B Bonds that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the aggregate principal amount of Available Bonds.

ARTICLE II

AUCTION PROCEDURES

Section 2.01. Orders by Existing Holders and Potential Holders.

- (a) Prior to the Submission Deadline on each Auction Date:
 - (i) each Existing Holder may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, information as to:
 - (A) the principal amount of 2003 Series B Bonds, if any, held by such Existing Holder which such Existing Holder irrevocably commits to continue to hold for the next succeeding Auction Period without regard to the rate determined by the Auction Procedures for such Auction Period;
 - (B) the principal amount of 2003 Series B Bonds, if any, held by such Existing Holder which such Existing Holder irrevocably commits to continue to hold for the next succeeding Auction Period if the rate determined by the Auction Procedures for such Auction Period shall not be less than the rate per annum then specified by such Existing Holder (and which such Existing Holder irrevocably offers to sell on the next succeeding Interest Payment Date (or the same day in the case of a daily Auction Period) if the rate determined by the Auction Procedures for the next succeeding Auction Period shall be less than the rate per annum then specified by such Existing Holder); and/or
 - (C) the principal amount of 2003 Series B Bonds, if any, held by such Existing Holder which such Existing Holder irrevocably offers to sell on the next succeeding Interest Payment Date (or on the same day in the case of a daily Auction Period) without regard to the rate determined by the Auction Procedures for the next succeeding Auction Period; and
 - (ii) for the purpose of implementing the Auctions and thereby to achieve the lowest possible interest rate on the 2003 Series B Bonds, the

Broker-Dealers shall contact Potential Holders, including Persons that are Existing Holders, to determine the principal amount of 2003 Series B Bonds, if any, which each such Potential Holder irrevocably offers to purchase if the rate determined by the Auction Procedures for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Holder.

For the purposes hereof, an Order containing the information referred to in clause (a)(i)(A) above is herein referred to as a "Hold Order," an Order containing the information referred to in clause (a)(i)(B) or (ii) above is herein referred to as a "Bid," and an Order containing the information referred to in clause (a)(i)(C) above is herein referred to as a "Sell Order."

(b) (i) A Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(A) the principal amount of 2003 Series B Bonds specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be less than the rate specified therein;

(B) such principal amount or a lesser principal amount of 2003 Series B Bonds to be determined as described in subsection (a)(v) of Section 2.04 hereof if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate; or

(C) a lesser principal amount of 2003 Series B Bonds to be determined as described in subsection (b)(iv) of Section 2.04 hereof if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(ii) A Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(A) the principal amount of 2003 Series B Bonds specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of 2003 Series B Bonds as described in subsection (b)(iv) of Section 2.04 hereof if Sufficient Clearing Bids do not exist.

(iii) A Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(A) the principal amount of 2003 Series B Bonds specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of 2003 Series B Bonds as described in subsection (a)(vi) of Section 2.04 hereof if

the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate.

(c) Anything herein to the contrary notwithstanding:

(i) for purposes of any Auction, any Order which specifies 2003 Series B Bonds to be held, purchased or sold in a principal amount which is not equal to the Authorized Denomination for 2003 Series B Bonds or an integral multiple thereof shall be rounded down to the nearest amount that is equal to the Authorized Denomination for 2003 Series B Bonds, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such lower amount;

(ii) for purposes of any Auction other than during a daily Auction Period, any portion of an Order of an Existing Holder which relates to a 2003 Series B Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted;

(iii) for purposes of any Auction other than during a daily Auction Period, no portion of a 2003 Series B Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction; and

(iv) the Auction Procedures shall be suspended during the period commencing on the date of the Auction Agent's receipt of notice from the Trustee or MEAN of the occurrence of an Event of Default pursuant to clause (a) or (b) of Section 8.01 of the 2003 Bond Resolution (provided, however, that for purposes of this provision only payment by the Credit Facility Issuer in accordance with the terms of the Credit Facility shall be deemed to cure such Event of Default and no such suspension of the Auction Procedures shall occur) but shall resume two Business Days after the date on which the Auction Agent receives notice from the Trustee that such Event of Default has been waived or cured, with the next Auction to occur on the next regularly scheduled Auction Date occurring thereafter.

Section 2.02. Submission of Orders by Broker-Dealers to Auction Agent.

(a) Each Broker-Dealer shall submit to the Auction Agent in writing or by such other method as shall be reasonably acceptable to the Auction Agent, including such electronic communication acceptable to the parties, prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer and, if requested, specifying with respect to each Order:

(i) the name of the Bidder placing such Order;

(ii) the aggregate principal amount of 2003 Series B Bonds, if any, that are the subject of such Order;

(iii) to the extent that such Bidder is an Existing Holder:

(A) the principal amount of 2003 Series B Bonds, if any, subject to any Hold Order placed by such Existing Holder;

(B) the principal amount of 2003 Series B Bonds, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(C) the principal amount of 2003 Series B Bonds, if any, subject to any Sell Order placed by such Existing Holder;

(iv) to the extent such Bidder is a Potential Holder, the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest 1/1000 of 1% (0.001%).

(c) If an Order or Orders covering all of the 2003 Series B Bonds held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of 2003 Series B Bonds held by such Existing Holder and not subject to Orders submitted to the Auction Agent; provided, however, that if there is a conversion from one Auction Period to another Auction Period and Orders have not been submitted to the Auction Agent prior to the Submission Deadline covering the aggregate principal amount of 2003 Series B Bonds to be converted held by such Existing Holder, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Existing Holder covering the principal amount of 2003 Series B Bonds to be converted held by such Existing Holder not subject to Orders submitted to the Auction Agent.

(d) If one or more Orders covering in the aggregate more than the principal amount of Outstanding 2003 Series B Bonds held by any Existing Holder are submitted to the Auction Agent, such Orders shall be considered valid as follows:

(i) all Hold Orders shall be considered Hold Orders, but only up to and including in the aggregate the principal amount of 2003 Series B Bonds held by such Existing Holder;

(ii) (A) any Bid of an Existing Holder shall be considered valid as a Bid of an Existing Holder up to and including the excess of the principal amount of 2003 Series B Bonds of such Series held by such Existing Holder over the principal amount of the 2003 Series B Bonds subject to Hold Orders referred to in paragraph (i) above;

(B) subject to clause (A) above, all Bids of an Existing Holder with the same rate shall be aggregated and considered a single Bid of an Existing Holder up to and including the excess of the principal amount of 2003 Series B Bonds held by such Existing Holder over the principal amount of 2003 Series B Bonds held by such Existing Holder subject to Hold Orders referred to in paragraph (i) above;

(C) subject to clause (A) above, if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered Bids of an Existing Holder in the ascending order of their respective rates up to the amount of the excess of the principal amount of 2003 Series B Bonds held by such Existing Holder over the principal amount of 2003 Series B Bonds held by such Existing Holder subject to Hold Orders referred to in paragraph (i) above; and

(D) the principal amount, if any, of such 2003 Series B Bonds subject to Bids not considered to be Bids of an Existing Holder under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Holder;

(iii) all Sell Orders shall be considered Sell Orders, but only up to and including a principal amount of 2003 Series B Bonds equal to the excess of the principal amount of 2003 Series B Bonds held by such Existing Holder over the sum of the principal amount of the 2003 Series B Bonds considered to be subject to Hold Orders pursuant to paragraph (i) above and the principal amount of 2003 Series B Bonds considered to be subject to Bids of such Existing Holder pursuant to paragraph (ii) above.

(e) If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted with the same rate shall be aggregated and considered a single Bid and each Bid submitted with a different rate shall be considered a separate Bid with the rate and the principal amount of 2003 Series B Bonds specified therein.

(f) Any Bid submitted by an Existing Holder or a Potential Holder specifying a rate lower than the Minimum Auction Rate shall be treated as a Bid specifying the Minimum Auction Rate.

(g) Neither MEAN, the Trustee nor the Auction Agent shall be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

Section 2.03. Determination of Auction Period Rate.

(a) Not later than 9:30 a.m., New York City time, on each Auction Date, the Auction Agent shall advise the Broker-Dealers and the Trustee by telephone or other electronic communication acceptable to the parties of the Minimum Auction Rate, the Maximum Auction Rate and the Index for the 2003 Series B Bonds.

(b) Promptly after the Submission Deadline on each Auction Date, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and shall determine (i) the Available Bonds, (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Rate.

(c) Promptly after the Auction Agent has made the determinations pursuant to subsection (b) above, the Auction Agent shall advise the Trustee by telephone (promptly confirmed in writing), telex or facsimile transmission or other electronic communication acceptable to the parties of the Auction Rate for the next succeeding Auction Period and the Trustee shall promptly notify the Securities Depository of such Auction Rate.

(d) In the event the Auction Agent fails to calculate, or for any reason fails to timely provide, the Auction Rate for any Auction Period, the Auction Period Rate for such Auction Period, with respect to the 2003 Series B Bonds, shall be the No Auction Rate; provided, however, that if the Auction Procedures are suspended pursuant to paragraph (iv) of subsection (c) of Section 2.01 of this Exhibit A with respect to any 2003 Series B Bond, the Auction Period Rate for the next succeeding Auction Period shall be the Maximum Auction Rate.

(e) In the event that all of the conditions for a change in the Mode applicable to the 2003 Series B Bonds from an Auction Mode to any other Mode pursuant to Section 2.13 of the Second Supplemental Resolution have not been met or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Period Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(f) If the 2003 Series B Bonds are not rated or if the 2003 Series B Bonds are no longer maintained in book-entry form by the Securities Depository, then the Auction Period Rate shall be the Maximum Auction Rate.

(g) If the Auction Period Rate for the 2003 Series B Bonds is equal to the Maximum Auction Rate or the Default Rate for the greater of (i) seventy consecutive calendar days, or (ii) two consecutive Auction Dates, the issuer of the Credit Facility securing the 2003 Series B Bonds shall have the right to direct MEAN to change the Mode applicable to the 2003 Series B Bond to the Fixed Rate Mode and upon such direction MEAN shall change such Mode to the Fixed Rate Mode.

Section 2.04. Allocation of 2003 Series B Bonds.

(a) In the event of Sufficient Clearing Bids for 2003 Series B Bonds, subject to the further provisions of subsections (c) and (d) below, Submitted Orders for such 2003 Series B Bonds shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Holder shall be accepted, thus requiring each such Existing Holder to continue to hold the 2003 Series B Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Sell Order of each Existing Holder shall be accepted and the Submitted Bid of each Existing Holder specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Holder to sell the 2003 Series B Bonds that are the subject of such Submitted Sell Order or Submitted Bid;

(iii) the Submitted Bid of each Existing Holder specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to continue to hold the 2003 Series B Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Bid of each Potential Holder specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the 2003 Series B Bonds that are the subject of such Submitted Bid;

(v) the Submitted Bid of each Existing Holder specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to continue to hold the 2003 Series B Bonds that are the subject of such Submitted Bid, but only up to and including the principal amount of 2003 Series B Bonds obtained by multiplying (A) the aggregate principal amount of Outstanding 2003 Series B Bonds which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii) or (iv) above by (B) a fraction the numerator of which shall be the principal amount of Outstanding 2003 Series B Bonds held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the aggregate principal amount of Outstanding 2003 Series B Bonds subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Holder to sell any excess amount of 2003 Series B Bonds;

(vi) the Submitted Bid of each Potential Holder specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the 2003 Series B Bonds that are the subject of such Submitted Bid, but only in an amount equal to the principal amount of 2003 Series B Bonds obtained by multiplying (A) the aggregate principal amount of Outstanding 2003 Series B Bonds which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii), (iv) or (v) above by (B) a fraction the numerator of which shall be the principal amount of Outstanding 2003 Series B Bonds subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate principal amount of Outstanding 2003 Series B Bonds subject to such Submitted

Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and

(vii) the Submitted Bid of each Potential Holder specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids for 2003 Series B Bonds, subject to the further provisions of subsections (c) and (d) below, Submitted Orders for each 2003 Series B Bond shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Holder shall be accepted, thus requiring each such Existing Holder to continue to hold the 2003 Series B Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Bid of each Existing Holder specifying any rate that is not higher than the Maximum Auction Rate with respect to 2003 Series B Bonds shall be accepted, thus requiring each such Existing Holder to continue to hold the 2003 Series B Bonds that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Holder specifying any rate that is not higher than the Maximum Auction Rate with respect to 2003 Series B Bonds shall be accepted, thus requiring each such Potential Holder to purchase the 2003 Series B Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Holder shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Holder specifying any rate that is higher than the Maximum Auction Rate with respect to 2003 Series B Bonds shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the principal amount of 2003 Series B Bonds obtained by multiplying (A) the aggregate principal amount of 2003 Series B Bonds subject to Submitted Bids described in paragraph (iii) of this subsection (b) by (B) a fraction the numerator of which shall be the principal amount of Outstanding 2003 Series B Bonds held by such Existing Holder subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the principal amount of Outstanding 2003 Series B Bonds subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Holder shall be required to continue to hold such excess amount of 2003 Series B Bonds; and

(v) the Submitted Bid of each Potential Holder specifying any rate that is higher than the Maximum Auction Rate with respect to the 2003 Series B Bonds shall be rejected.

(c) If, as a result of the procedures described in subsection (a) or (b) above, any Existing Holder or Potential Holder would be required to purchase or sell an aggregate principal amount of 2003 Series B Bonds which is not an integral multiple of the Authorized Denomination for 2003 Series B Bonds of such Series on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, round up or down the principal amount of 2003 Series B Bonds to be purchased or sold by any Existing Holder or Potential Holder on such Auction Date so that the aggregate principal amount of 2003 Series B Bonds purchased or sold by each Existing Holder or Potential Holder on such Auction Date shall be an integral multiple of the Authorized Denomination for 2003 Series B Bonds, even if such allocation results in one or more of such Existing Holders or Potential Holders not purchasing or selling any 2003 Series B Bonds on such Auction Date.

(d) If, as a result of the procedures described in subsection (a) above, any Potential Holder would be required to purchase a principal amount of 2003 Series B Bonds that is less than the Authorized Denomination for Bonds of such Series on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate such 2003 Series B Bonds for purchase among Potential Holders so that the principal amount of 2003 Series B Bonds purchased on such Auction Date by any Potential Holder shall be an integral multiple of the Authorized Denomination for Bonds of such Series, even if such allocation results in one or more of such Potential Holders not purchasing such Bonds on such Auction Date.

Section 2.05. Notice of Auction Period Rate.

(a) No later than 3:00 p.m. New York City time on each Auction Date, the Auction Agent shall notify by telephone or other telecommunication device or other electronic communication acceptable to the parties or in writing each Broker-Dealer that participated in the Auction held on such Auction Date of the following with respect to 2003 Series B Bonds for which an Auction was held on such Auction Date:

(i) the Auction Period Rate determined on such Auction Date for the succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected and the principal amount of 2003 Series B Bonds, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected and the principal amount of 2003 Series B Bonds, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of the 2003 Series B Bonds to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids

or Sell Orders is different from the aggregate principal amount of 2003 Series B Bonds to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker Dealer) and the principal amount of 2003 Series B Bonds to be (A) purchased from one or more Existing Holders on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Holders on whose behalf such Broker-Dealer submitted Bids; and

(vi) the immediately succeeding Auction Date.

(b) On each Auction Date, with respect to Bonds of each Series for which an Auction was held on such Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall: (i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Period Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of each such Holder was accepted or rejected and (C) the immediately succeeding Auction Date; (ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of such 2003 Series B Bonds to be purchased pursuant to such Bid (including, with respect to such 2003 Series B Bonds in a daily Auction Period, accrued interest if the purchase date is not an Interest Payment Date for such Bond) against receipt of such 2003 Series B Bonds; and (iii) instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected, in whole or in part, to instruct such Existing Holder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of such 2003 Series B Bonds to be sold pursuant to such Bid or Sell Order against payment therefor.

Section 2.06. Index.

(a) The Index on any Auction Date with respect to 2003 Series B Bonds means, as of such Auction Date, the offered rate (rounded up to the next highest one-thousandth of one percent (0.001%)) for deposits in U.S. Dollars for a one-month period which appears on the Telerate Page 3750 (or any successor) at approximately 11:00 A.M., London time on such date, or if such date is not a date on which dealings in U.S. Dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market. If Telerate Page 3750 shall become unavailable and there is no successor, the Index will be an index or rate agreed to by all Broker-Dealers and consented to by MEAN.

(b) If for any reason on any Auction Date the Index shall not be determined as hereinabove provided in this Section, the Index shall be the Index for the Auction Period ending on such Auction Date.

(c) The determination of the Index as provided herein shall be conclusive and binding upon MEAN, the Trustee, the Broker-Dealers, the Auction Agent and the Holders of the 2003 Series B Bonds.

Section 2.07. Miscellaneous Provisions Regarding Auctions.

(a) In this Exhibit A, each reference to the purchase, sale or holding of 2003 Series B Bonds shall refer to beneficial interests in such 2003 Series B Bonds, unless the context clearly requires otherwise.

(b) During an Auction Rate Mode, with respect to the 2003 Series B Bonds, the provisions of the Second Supplemental Resolution and the definitions contained therein and described in this Exhibit A, including, without limitation, the definitions of Maximum Auction Rate, Minimum Auction Rate, No Auction Rate, Auction Multiple, Index, Default Rate, Auction Multiple and the Auction Period Rate, may be amended, with the consent of the issuer of the Credit Facility securing the 2003 Series B Bonds, pursuant to the 2003 Bond Resolution by obtaining the consent of the Holders of all Outstanding 2003 Series B Bonds of such Series as follows; provided, however, that no such amendments that adversely affect the rights, duties or obligations of the Auction Agent shall be made without the consent of the Auction Agent. If on the first Auction Date occurring at least 20 days after the date on which the Trustee mailed notice of such proposed amendment to the holders of the Outstanding 2003 Series B Bonds as required by the 2003 Bond Resolution, (i) the Auction Period Rate which is determined on such date is the Winning Bid Rate and (ii) there is delivered to MEAN and the Trustee a Favorable Opinion of Bond Counsel, the proposed amendment shall be deemed to have been consented to by the Holders of all affected Outstanding 2003 Series B Bonds.

(c) If the Securities Depository notifies MEAN that it is unwilling or unable to continue as Holder of the 2003 Series B Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to the Securities Depository is not appointed by MEAN within 90 days after MEAN receives notice or becomes aware of such condition, as the case may be, MEAN shall execute and the Trustee shall authenticate and deliver certificates representing the 2003 Series B Bonds. Such 2003 Series B Bonds shall be authorized in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct MEAN and the Trustee.

(d) During an Auction Rate Mode, so long as the ownership of the 2003 Series B Bonds is maintained in book-entry form by the Securities Depository, an Existing Holder or a beneficial owner may sell, transfer or otherwise dispose of a 2003 Series B Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions such Existing Holder or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of 2003 Series B Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such 2003 Series B Bonds to that

Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Holder of 2003 Series B Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition.

Section 2.08. Changes in Auction Period or Auction Date.

(a) *Changes in Auction Period.*

(i) During any Auction Rate Mode, MEAN may from time to time on any Interest Payment Date change the length of the Auction Period with respect to all of the 2003 Series B Bonds among daily, seven days, 28 days, 35 days, three months, six months and a Special Auction Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by 2003 Series B Bonds. MEAN shall initiate the change in the length of the Auction Period by giving written notice to the Credit Facility Issuer, the Auction Agent, the Broker-Dealers and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least 10 Business Days prior to the Auction Date for such Auction Period; provided, however, that in the case of a change from a Special Auction Period of 92 or more days, the date of such change shall be the Interest Payment Date immediately following the last day of such Special Auction Period.

(ii) Any such changed Auction Period shall be for a period of one day, seven days, 28 days, 35 days, three months, six months or a Special Auction Period and shall be for all of the 2003 Series B Bonds in an Auction Rate Mode.

(iii) The change in the length of the Auction Period for 2003 Series B Bonds shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this subsection (a) and the Auction immediately preceding the proposed change.

(iv) The change in length of the Auction Period for Bonds of any Series shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the first such Auction Period, a certificate from MEAN consenting to the change in the length of the Auction Period specified in such certificate and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. For purposes of the Auction for such first Auction Period only, each Existing Holder shall be deemed to have submitted Sell Orders with respect to all of its 2003 Series B Bonds for which there is to be a change in the length of the Auction Period except to the extent such Existing Holder submits an Order with respect to such 2003 Series B Bonds. If the condition referred to in (A) above is not met, the Auction Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction

Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in (B) above is not met, the Auction Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(v) On the conversion date for 2003 Series B Bonds from one Auction Period to another, any 2003 Series B Bonds which are not the subject of a specific Hold Order or Bid shall be deemed to be subject to a Sell Order.

(b) **Changes in Auction Date.** During any Auction Rate Mode, the Auction Agent, with the written consent of MEAN, may specify an earlier Auction Date for 2003 Series B Bonds (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on such 2003 Series B Bonds. The Auction Agent shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, MEAN, the Credit Facility Issuer, the Broker-Dealers and the Securities Depository. In the event the Auction Agent specifies an earlier Auction Date, the days of the week on which an Auction Period begins and ends, the day of the week on which a Special Auction Period ends and the Interest Payment Date relating to a Special Auction Period shall be adjusted accordingly.

ARTICLE III

AUCTION AGENT

Section 3.01. Auction Agent.

(a) The Auction Agent shall be appointed by the Trustee at the written direction of MEAN, to perform the functions specified herein. The Auction Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by an Auction Agreement delivered to MEAN, the Trustee and each Broker-Dealer which shall set forth such procedural and other matters relating to the implementation of the Auction Procedures as shall be satisfactory to MEAN and the Trustee.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in 2003 Series B Bonds with the same rights as if such entity were not the Auction Agent.

Section 3.02. Qualifications of Auction Agent; Resignation; Removal. The Auction Agent shall be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$30,000,000, or (b) a member of National Association of Securities Dealers having a

capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by the Second Supplemental Resolution and a member of or a participant in, the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by the Second Supplemental Resolution by giving at least 90 days' notice to MEAN, the Credit Facility Issuer, each Broker-Dealer and the Trustee. The Auction Agent may be removed at any time by MEAN by written notice, delivered to the Auction Agent, MEAN, the Credit Facility Issuer, each Broker-Dealer and the Trustee. Upon any such resignation or removal, the Trustee shall appoint a successor Auction Agent meeting the requirements of this Section. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and 2003 Series B Bonds held by it in such capacity to its successor. The Auction Agent shall continue to perform its duties hereunder until its successor has been appointed by the Trustee. In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving 30 days' notice to MEAN and the Trustee even if a successor Auction Agent has not been appointed.

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