

NO PERSONAL LIABILITY OF AUTHORITY'S OFFICIALS

No covenant, stipulation, obligation or agreement of the Authority contained in the Indenture will be or be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Authority in other than his or her official capacity. No member of the Authority or official executing the Bonds, the Indenture, the Loan Agreement or any amendment or supplement to the Indenture or the Loan Agreement will be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance or execution thereof.

REMOVAL OF TRUSTEE

The Trustee may be removed by the owners of not less than a majority in principal amount of Bonds at the time outstanding or by the Company. The Trustee shall continue to serve as such until a successor Trustee shall be appointed under the Indenture.

THE TRUSTEE

The Company and certain of its affiliates maintain banking relationships with Wells Fargo Bank, National Association and its affiliates and borrow from such bank from time to time. Wells Fargo Bank, National Association serves as trustee under other indentures with, or for the benefit of, the Company and its affiliates.

UNDERWRITING

Subject to the terms and conditions set forth in a Purchase Contract among J.P. Morgan Securities Inc. (the "*Underwriter*"), the Company and the Authority, the Underwriter has agreed to purchase the Bonds at a price equal to 100% of the principal amount thereof. The Company has agreed to pay \$191,750 (excluding expenses) to the Underwriter as compensation and to reimburse the Underwriter for its reasonable expenses. The Underwriter has agreed to purchase all of the Bonds if any of the Bonds are purchased. The Company has agreed to indemnify the Underwriter and the Authority against certain liabilities or to contribute to any payments required to be made by the Underwriter relating to such liabilities, including certain liabilities under federal securities laws relating to the Bonds.

The Authority has been advised by the Underwriter that the Bonds may be offered and sold to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price set forth on the cover page of this Official Statement. After the Bonds are released for sale to the public, the public offering price and other selling terms may from time to time be varied by the Underwriter.

In connection with this offering and in compliance with applicable law and industry practice, the Underwriter may overallocate or effect transactions which stabilize, maintain or otherwise affect the market price of the Bonds at levels above those which might otherwise prevail in the open market, including by entering stabilizing bids. A stabilizing bid means the placing of a bid, or the effecting of any purchase, for the purpose of pegging, fixing or maintaining the price of a security. In general, purchases of a security for the purpose of

stabilization could cause the price of the security to be higher than it might be in the absence of such purchases.

None of the Authority, the Company nor the Underwriter makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Bonds. In addition, none of the Authority, the Company nor the Underwriter makes any representation that the Underwriter will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

In the ordinary course of their respective businesses, the Underwriter and its affiliates have engaged, and may in the future engage, in transactions with, and perform services for, the Company and its affiliates.

TAX MATTERS

Section 1313(a) of the Tax Reform Act of 1986 provides that, with certain exceptions, the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), shall not apply to certain types of refunding bonds, including the Bonds. Instead, the exclusion of the interest on such refunding bonds from gross income is governed by the provisions of the 1954 Code, as modified by Section 1313(a)(3) of the Tax Reform Act of 1986.

Sections 103(b)(4)(E) and (F) of the 1954 Code and regulations issued by the Treasury Department thereunder (the "*Treasury Regulations*") provide an exclusion from federal income taxation for interest on "industrial development bonds" the proceeds of which are used to provide air or water pollution control facilities and solid waste disposal facilities such as the Project. The exclusion is not applicable to interest on any such bond for any period during which such bond is held by a person who is a "substantial user" of any facility financed thereby or by a "related person" (within the meaning of Section 103(b) of the 1954 Code).

In addition, the provisions of the 1954 Code, as modified by Section 1313(a)(3) of the Tax Reform Act of 1986 in the case of refunding bonds, impose a number of other requirements and restrictions (including investment restrictions, periodic payments of arbitrage profits to the United States and requirements regarding the proper use of bond proceeds and the facilities financed thereby) that must be satisfied in order for interest on state or local obligations, such as the Bonds, to be and remain excludable from gross income for purposes of federal income taxation. Noncompliance with certain of such requirements may cause the interest on the Bonds to be subject to federal income taxation, in some cases retroactively to the date of issuance of the Bonds. In such event the Indenture provides for a mandatory redemption of the Bonds as described herein under "THE BONDS—REDEMPTION OF BONDS—*Mandatory Redemption Upon Determination of Taxability.*"

The Authority and the Company have covenanted to comply with all requirements that must be satisfied in order for interest on the Bonds to be excludable from gross income for federal income tax purposes.

The law firm of Foley & Lardner LLP, Bond Counsel, will render an opinion substantially in the form of Appendix C hereto regarding the tax-exempt status of the Bonds. In rendering its opinion, Bond Counsel will rely upon certifications of the Company with respect to

certain material facts within the Company's knowledge relating to the Project and the application of the proceeds of the Refunded Bonds, without undertaking to verify the same by independent investigation.

The Code contains numerous provisions which could affect the economic value of the Bonds to Bondowners. The following is a brief summary of some of the significant provisions which may be applicable to particular Bondowners. PROSPECTIVE BONDOWNERS, HOWEVER, SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE IMPACT OF SUCH PROVISIONS ON THEIR OWN TAX SITUATIONS.

As noted in the opinion of Bond Counsel set forth in Appendix C hereto, interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of the alternative minimum tax imposed by Section 55 of the Code.

Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations, including the Bonds, or, in the case of financial institutions, that portion of a holder's interest expense allotted to certain tax-exempt obligations, including the Bonds. The Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code, and, therefore, interest expense incurred by banks and other financial institutions and allocable to their purchase of the Bonds will not be deductible for federal income tax purposes.

Life insurance companies must include tax-exempt interest, including interest on the Bonds, in computing the amount of income or deductible expenses for federal income tax purposes with respect to certain insurance reserves. Property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year on certain obligations, including the Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax may be levied on the "effectively connected earnings and profits" of certain foreign corporations, which term includes tax-exempt interest such as interest on the Bonds.

Interest on the Bonds may be taken into account under Section 86 of the Code so as to cause a Bondowner to be subject to federal income tax on a portion of his or her social security benefits, if any.

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for S Corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S Corporation is passive investment income.

From time to time, there are legislative proposals in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending

or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

CONTINUING DISCLOSURE

The Company will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the Beneficial Owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the provisions of Section (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the SEC under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under "THE UNDERTAKING."

Prior to October 29, 2003, the Company had not delivered to Nationally Recognized Municipal Securities Information Repository (a "*NRMSIR*") annually for the fiscal years ended December 31, 1998 through 2002, the Annual Financial Information and Audited Financial Statements required pursuant to various undertakings with respect to outstanding pollution control revenue bonds (although a substantial portion of the information required to be included therein was contained in SEC filings made by the Company or its parent). The Company also had not delivered to the NRMSIRs notice of several rating changes in respect to such bonds. On October 29, 2003, the Company filed with each NRMSIR (or, in the case of information already filed with the SEC, gave notice to the NRMSIRs of such filings with the SEC, which are incorporated by reference) a notice of its non-delivery to the NRMSIRs of the required Annual Financial Information and Audited Financial Statements and its non-filing of information regarding rating changes in respect to such bonds as required by such undertakings. Such filing with each NRMSIR included (or, in the case of information already filed with the SEC, gave notice of such filings with the SEC, for incorporation by reference) information regarding the ratings changes and the required Annual Financial Information and Audited Financial Statements for each of the fiscal years ended December 31, 1998 through December 31, 2002. The Company believes that, following such filings with the NRMSIRs, it has been, and continues to be, in compliance with its filing requirements under such undertakings.

A failure by the Company to comply with the Undertaking will not constitute an Event of Default under the Indenture or Loan Agreement, and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking. See "THE UNDERTAKING — Consequences of Failure of the Company to Provide Information." A failure by the Company to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the Company and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, copies of which are available upon request from the Company.

ANNUAL FINANCIAL INFORMATION DISCLOSURE

The Company covenants that it will disseminate its Annual Financial Information and Audited Financial Statements to each NRMSIR then recognized by the SEC for purposes of the Rule and to any public or private repository designated by the State of Iowa as the state depository (the "SID") and recognized as such by the SEC for purposes of the Rule. The Company is required to provide such Annual Financial Information and Audited Financial Statements to such entities not later than 180 days after the close of the Company's fiscal year commencing with the fiscal year ending December 31, 2005. So long as the Company is a reporting company, Annual Financial Information and Audited Financial Statements means the financial information and operating data of the type contained or incorporated by reference in the Company's Annual Report on Form 10-K (or any successor form adopted by the SEC) and any exhibits thereto filed by the Company with the SEC, including its Audited Financial Statements, which may be provided by a cross reference to such filed reports. In the event the Company no longer files such reports, such information will include the Company's audited financial statements, prepared in accordance with generally accepted accounting principles, and operating data (within the meaning of the Rule) of the type incorporated into Appendix A of this Official Statement by reference.

EVENTS NOTIFICATION; MATERIAL EVENTS DISCLOSURE

The Company covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event with respect to the Bonds (as described below) that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events" are:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the securities;
7. modifications to the rights of security holders;
8. Bond calls;
9. defeasances;

10. release, substitution or sale of property securing repayment of the securities; and

11. rating changes.

Certain of these Events may not be applicable to the Bonds.

CONSEQUENCES OF FAILURE OF THE COMPANY TO PROVIDE INFORMATION

The Company is required to give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the Company to comply with any provision of the Undertaking, the Beneficial Owner of any Bond may seek specific performance by court order to cause the Company to comply with its obligations under the Undertaking. A default under the Undertaking will not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under the Undertaking in the event of any failure of the Company to comply with the Undertaking will be an action to compel performance.

AMENDMENT; WAIVER

Notwithstanding any other provision of the Undertaking, the Company may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Company, or type of business conducted;

(ii) In the opinion of parties unaffiliated with the Authority or the Company, the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in the circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by parties unaffiliated with the Authority or the Company, or by an approving vote of the Bondholders pursuant to the terms of the Indenture at the time of the amendment.

TERMINATION OF UNDERTAKING

The Undertaking will be automatically terminated if the Company no longer has any legal liability for any obligation on or relating to repayment of the Bonds under the Loan Agreement. The Company will give notice to each NRMSIR or to the MSRB and to the SID, if any, in a timely manner if this paragraph is applicable.

ADDITIONAL INFORMATION

Nothing in the Undertaking will be deemed to prevent the Company from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the Company chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the Company will have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

DISSEMINATION AGENT

The Company may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

ELECTRONIC DISCLOSURE

So long as such method continues to be approved by the SEC for purposes of the Rule, the Company may satisfy its obligations for all purposes of the Undertaking to provide information or notice to each NRMSIR and to the SID, if any, by sending such information or notice electronically to DisclosureUSA (at, as of the date hereof, www.DisclosureUSA.org) for submission to each NRMSIR and to the SID, if any.

LEGALITY

Legal matters incident to the authorization and validity of the Bonds and with regard to the tax-exempt status thereof as stated above are subject to the approving opinion of Foley & Lardner, LLP, Milwaukee, Wisconsin, Bond Counsel.

Certain legal matters pertaining to the Company will be passed upon by Foley & Lardner LLP, counsel to the Company, by Chester A. Richardson, Deputy General Counsel of the Company and by Ahlers & Cooney, P.C., Des Moines, Iowa, local counsel to the Company. From time to time, Foley & Lardner LLP acts as counsel to the Company's affiliates for some matters. Certain legal matters in connection with the issuance of the Bonds will be passed upon for the Authority by its counsel, Dorsey & Whitney LLP, Des Moines, Iowa, and for the Underwriter by its counsel, Chapman and Cutler LLP, Chicago, Illinois.

MISCELLANEOUS

The delivery of this Official Statement has been duly authorized by the Authority; *provided* such authorization and approval shall not be deemed to include authorization and approval of information contained in such Official Statement other than information describing the Authority or its litigation, and only as the same relates to the Authority, but nothing shall be construed as prohibiting or limiting the Underwriter and the Company from including such information as they reasonably deem appropriate.

All information contained in this Official Statement other than the information contained under the heading "THE AUTHORITY" has been furnished by the Company. The Authority has not participated in the preparation of this Official Statement and has not verified the accuracy of the information contained herein, other than the information respecting the Authority contained herein under the heading "THE AUTHORITY." The Authority's approval of this Official Statement does not constitute approval of the information contained herein, other than such aforesaid information contained herein.

INTERSTATE POWER AND LIGHT COMPANY

Interstate Power and Light Company (the "Company") is a public utility engaged principally in the generation, transmission, distribution and sale of electric energy and the purchase, distribution, transportation and sale of natural gas in selective markets in Iowa, Minnesota and Illinois. As of December 31, 2004, the Company supplied electric service to 531,927 customers and supplied gas service to 236,808 customers, excluding transportation and other customers. All of the common stock of the Company is owned by Alliant Energy Corporation, an energy-services provider engaged primarily in regulated utility operations in the Midwest, including through the Company, and with other non-regulated domestic and international operations.

The Company was formed as a result of the January 1, 2002 merger between IES Utilities Inc. and Interstate Power Company. Prior to that merger, Alliant Energy Corporation owned all of the outstanding common stock of both IES Utilities Inc. and Interstate Power Company.

The obligations of the Company under the Loan Agreement and the Insurance Agreement do not directly, indirectly or contingently obligate Alliant Energy Corporation to make any payments under the Loan Agreement or the Insurance Agreement.

RATIO OF EARNINGS TO FIXED CHARGES

The Ratio of Earnings to Fixed Charges for each of the periods indicated is as follows:

| | Three Months Ended | | Years Ended December 31, | | | | |
|------------------------------------------------|------------------------|-----------------|--------------------------|------------------|------------------|------------------|------------------|
| | 2005 | 2004 | 2004 | 2003 | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | | | | | |
| Net income | \$22,493 | \$15,735 | \$125,738 | \$100,718 | \$ 90,877 | \$ 98,066 | \$103,127 |
| Income taxes | <u>15,133</u> | <u>11,058</u> | <u>61,644</u> | <u>71,282</u> | <u>62,294</u> | <u>52,967</u> | <u>65,020</u> |
| Income before income taxes | <u>37,626</u> | <u>26,793</u> | <u>187,382</u> | <u>172,000</u> | <u>153,171</u> | <u>151,033</u> | <u>168,147</u> |
| Interest expense | 17,495 | 15,323 | 67,855 | 65,390 | 63,672 | 64,558 | 67,234 |
| Estimated interest component of rent expense | <u>1,017</u> | <u>1,338</u> | <u>4,360</u> | <u>3,992</u> | <u>4,394</u> | <u>4,923</u> | <u>5,530</u> |
| Fixed charges as defined | <u>18,512</u> | <u>16,661</u> | <u>72,215</u> | <u>69,382</u> | <u>68,066</u> | <u>69,481</u> | <u>72,764</u> |
| Earnings as defined | <u>\$56,138</u> | <u>\$43,454</u> | <u>\$259,597</u> | <u>\$241,382</u> | <u>\$221,237</u> | <u>\$220,514</u> | <u>\$240,911</u> |
| Ratio of Earnings to Fixed Charges (Unaudited) | <u>3.03</u> | <u>2.61</u> | <u>3.59</u> | <u>3.48</u> | <u>3.25</u> | <u>3.17</u> | <u>3.31</u> |

For purposes of calculating the Ratio of Earnings to Fixed Charges, "earnings" represents income before income taxes, extraordinary items, and cumulative effect of changes in accounting principles, plus fixed charges. "Fixed charges" consist of interest expense, amortization of debt issuance costs, and an estimate of the interest within rental expense.

AVAILABLE INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934 (the "1934 Act") and in accordance therewith files reports and other information with

the SEC. Such reports and other information may be inspected and copied at the public reference room maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC, Washington, D.C. 20549 at prescribed rates. The SEC may be contacted at 1-800-SEC-0330 for information on the public reference room. The SEC maintains a Web site at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including the Company. Certain of the Company's securities are listed on the New York Stock Exchange, Inc. where reports, information statements and other information concerning the Company can also be inspected.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the SEC are incorporated in this Appendix A by reference:

- Annual Report on Form 10-K for the year ended December 31, 2004;
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2005; and
- Current Reports on Form 8-K dated January 25, 2005 and May 4, 2005.

All documents subsequently filed by the Company with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the 1934 Act after the date of this Official Statement and prior to the termination of the offering made by this Official Statement shall be deemed to be incorporated by reference in this Appendix A and to be a part hereof from the date of filing of such documents.

Any statement contained in a document so incorporated or deemed to be incorporated shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which is deemed to be so incorporated modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Appendix A. Some of these reports, however, are filed on a combined basis with the Company's parent, Alliant Energy Corporation, and its direct subsidiary, Wisconsin Power and Light Company. Information contained in these reports relating to these entities is filed by them on their own behalf and not by the Company, and information regarding Alliant Energy Corporation or Wisconsin Power and Light Company should not be relied upon when deciding whether to purchase the Bonds.

The Company will provide without charge to each person to whom a copy of this Official Statement has been delivered, on the written or oral request of any such person, a copy of any or all of the documents described above which have been incorporated by reference in this Appendix A, other than exhibits to such documents. Written requests for copies of such documents should be addressed to F.J. Buri, Corporate Secretary, Interstate Power and Light Company, 4902 North Biltmore Lane, P.O. Box 2568, Madison, Wisconsin 53701-2568, (608) 458-3311. The information relating to the Company contained in this Appendix A does not purport to be comprehensive and should be read together with the information contained in the documents incorporated by reference.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements and the related financial statement schedule incorporated in this Official Statement by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2004 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report incorporated herein by reference (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption on January 1, 2003 of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations").

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Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

Municipal Bond New Issue Insurance Policy

| | |
|----------------|--------------------------------|
| Issuer: | Policy Number: |
| | Control Number: 0010001 |
| Bonds: | Premium: |

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all



Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212-312-3000
T 800-352-0001

Municipal Bond New Issue Insurance Policy

principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

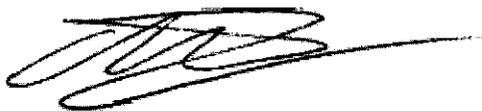


President

Effective Date:

Authorized Representative

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.



Authorized Officer

SPECIMEN



Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

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FORM OF TEXT OF OPINION OF BOND COUNSEL

June __, 2005

\$38,385,000 Iowa Finance Authority
Pollution Control Facility Revenue Refunding Bonds
(Interstate Power and Light Company Project) Series 2005

We have acted as bond counsel in connection with the issuance by the Iowa Finance Authority (the "Issuer") of \$38,385,000 Iowa Finance Authority Pollution Control Facility Revenue Refunding Bonds (Interstate Power and Light Company Project) Series 2005 (the "Bonds"). We have investigated the law and examined such certified proceedings and other papers as we deemed necessary to render this opinion.

The Bonds were issued on the date hereof under an Indenture of Trust, dated as of June 1, 2005 (the "Indenture") between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and the Issuer loaned the Bond proceeds to Interstate Power and Light Company, an Iowa corporation (the "Company"), pursuant to a Loan Agreement, dated as of June 1, 2005, between the Issuer and the Company (the "Loan Agreement"). The Loan Agreement requires the Company to make payments sufficient to pay the principal of, and premium, if any, and interest on the Bonds when due. The Company's payment obligations under the Loan Agreement are evidenced in part by a Promissory Note, dated the date hereof, issued by the Company to the Trustee (the "Note").

The Bonds were issued pursuant to the provisions of Chapter 16 of the Code of Iowa, as amended (the "Act") and a resolution of the Issuer adopted on June 1, 2005 (the "Resolution"), exclusively to refund a like aggregate principal amount of eight series of revenue bonds (collectively, the "Prior Bonds") issued by various local municipalities to refund bonds previously issued by such municipalities (the "Original Bonds") to finance costs to the Company of the acquisition, construction and equipping of certain pollution control and solid waste disposal facilities (collectively, the "Project") at electric generating facilities of the Company in the State of Iowa (the "State").

Under the Indenture, all of the Issuer's rights and remedies in respect of the Bonds and the Loan Agreement (except for certain Unassigned Issuer's Rights, as defined therein), including the right to receive the payments referred to above, have been pledged and assigned to the Trustee for the benefit of the owners of the Bonds.

As provided in the Act, the Bonds and interest and premium, if any, thereon, are limited obligations of the Issuer, payable solely from the sources herein described. The Bonds and interest thereon shall never constitute an indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation and shall not constitute or give rise to a pecuniary liability of, or a claim against, the Issuer or a charge against its general credit or general fund.

The law firm of Dorsey & Whitney LLP, Des Moines, Iowa, special counsel to the Issuer, has rendered an opinion of even date regarding, among other matters, the authorization, execution and delivery by the Issuer of the Loan Agreement, the Indenture and a Nonarbitrage Certificate, dated as of the date hereof (the "*Tax Certificate*"). Such opinion is in a form satisfactory to us. In rendering this opinion, we are relying on said opinion with respect to the existence of the Issuer as a public instrumentality and agency of the State, the power of the Issuer to issue the Bonds under the Act, the due adoption and continuing effectiveness of the Resolution by the Issuer, and the due authorization, execution and delivery of the Bonds, the Loan Agreement, Indenture and Tax Certificate on behalf of the Issuer.

Chester A. Richardson, Deputy General Counsel of the Company, has rendered an opinion of even date regarding, among other matters, the obligations of the Company under the Loan Agreement and the Note. Said opinion is in a form satisfactory to us. In rendering this opinion, we are relying on said opinion with respect to the Company's corporate existence, active status and qualification to do business, the Company's receipt of all consents or approvals of any regulatory body or authority required in connection with the execution and delivery of the Loan Agreement and the Note and the assumption by the Company of its obligations thereunder, the Company's corporate power to enter into and perform the Loan Agreement and the Note and the due authorization, execution and delivery by the Company of the Loan Agreement and the Note.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Company contained in the Indenture, the Loan Agreement and the Tax Certificate, certificates of public officials and Company personnel (including certifications as to the remaining useful lives of the Project facilities, the use of Bond proceeds and certain material facts which are solely within the knowledge of the Company with respect to the construction and operation of the Project and the use of the proceeds of the Prior Bonds and the Original Bonds), without undertaking to verify the same by independent investigation.

We express no opinion herein relating to the accuracy, completeness or sufficiency of the Official Statement dated June 2, 2005, (the "*Official Statement*") or other offering materials relating to the Bonds (except to the extent, if any, stated in the Official Statement). We have not passed upon any matters relating to the business, properties, affairs or condition (financial or otherwise) of the Company, and no inference should be drawn that we have expressed any opinion on matters relating to the ability of the Company to perform its obligations under the contracts described herein. We are not passing herein upon any matters pertaining to compliance with the Blue Sky laws of any state in connection with the offering and sale of the Bonds.

Based upon the foregoing, we are of the opinion that, under existing law, as of the date hereof:

1. The Issuer is a public instrumentality and agency of the State of Iowa and has the power under the Act to issue the Bonds and to enter into and perform the Indenture, the Loan Agreement and the Tax Certificate.

2. The Indenture, the Loan Agreement, the Note and the Tax Certificate have been duly authorized, executed and delivered by the respective parties thereto and are

valid, binding and enforceable obligations of such parties in accordance with the terms thereof.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding limited obligations of the Issuer enforceable according to the import thereof and as provided in the Indenture, payable solely from the revenues and other amounts provided in the Indenture; and such revenues have been ordered set aside and pledged under the Indenture to the payment of the principal of and premium, if any, and interest on the Bonds as the same become due.

4. The interest on the Bonds, prior to a change in the interest rate Determination Method thereon or a change to an Auction Rate Period of longer than one year (as such capitalized terms are defined in the Indenture), is excluded from gross income of the owners thereof for federal income tax purposes, except for interest on any Bond during any period while it is held by a "substantial user" of any facility financed by the Bonds or a "related person," as such terms are used in Section 103 of the Internal Revenue Code of 1954, as in effect immediately prior to enactment of the Tax Reform Act of 1986. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (as defined for federal income tax purposes) under the Internal Revenue Code of 1986, as amended (the "Code"); however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations under the Code.

In rendering the opinion set forth in paragraph 4 above, we have (x) relied, as to certain matters properly within the Company's knowledge relating to the construction, operation, function and costs of the Project and the use of the proceeds of the Prior Bonds and Original Bonds, upon the certifications of officers and an engineer of the Company or its affiliate referred to above and discussions with such officers, and (y) assumed continuing compliance with the provisions of the Loan Agreement, the Indenture and the Tax Certificate by the parties thereto. Noncompliance with the provisions of the Loan Agreement, the Indenture and the Tax Certificate may cause interest on the Bonds to become subject to federal income taxation, in some cases retroactively to the date of the issuance thereof. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds. Further, we express no opinion as to the exclusion of interest accruing on the Bonds from and after (i) a change in the interest rate Determination Method thereon or (ii) a change to an Auction Rate Period which is longer than one year.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Loan Agreement, the Note and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

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AUCTION PROCEDURES

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ARTICLE I

DEFINITIONS

In addition to the words and terms elsewhere defined in this Official Statement, the following words and terms as used in this Appendix D and elsewhere in this Official Statement have the following meanings with respect to Bonds in an Auction Rate Period 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.

"All Hold Rate" means, as of any Auction Date, 65% of the Reference Rate in effect on such Auction Date.

"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 Appendix D.

"Auction Agreement" means an agreement among the Company, the Auction Agent and the Trustee pursuant to which the Auction Agent agrees to follow the procedures specified in this Appendix D with respect to the Bonds while bearing interest at an Auction Mode Rate, 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, (i) if the Bonds are in a daily Auction Period, each Business Day, and (ii) if the Bonds are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such Bonds (whether or not an Auction shall be conducted on such date); *provided, however*, that the last Auction Date with respect to the Bonds in an Auction Period other than a daily Auction Period shall be the earlier of (a) the Business Day next preceding the Interest Payment Date next preceding the Conversion Date for the Bonds and (b) the Business Day next preceding the Interest Payment Date next preceding the final maturity date for the Bonds; and *provided, further*, that if the Bonds are in a daily Auction Period, the last Auction Date shall be the earlier of (x) the Business Day next preceding the Conversion Date for the Bonds and (y) the Business Day next preceding the final maturity date for the Bonds. 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. The first Auction Date for the Bonds is June 16, 2005.

"Auction Mode Rate" means the rate of interest to be borne by the Bonds during each Auction Period determined in accordance with Section 2.04 of this Appendix D; *provided, however*, in no event may the Auction Mode Rate exceed the Maximum Interest Rate.

"Auction Period" means any period from one day to five years during which the Bonds bear interest at a single Auction Mode Rate, as established pursuant to the Indenture.

"Auction Procedures" means the procedures for conducting Auctions for Bonds during an Auction Rate Period set forth in this Appendix D.

"Auction Rate" means for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate, *provided, however*, if all of the Bonds are the subject of Submitted Hold Orders, the All Hold Rate and (ii) if Sufficient Clearing Bids do not exist, the Maximum Interest Rate.

"Authorized Denominations" means \$25,000 and integral multiples thereof (except there may be one Bond in the denomination of \$25,000 or an integral multiple of \$5,000 in excess thereof), notwithstanding anything else in this Indenture to the contrary, so long as the Bonds bear interest at a Auction Mode Rate.

"Available Bonds" means on each Auction Date, the aggregate principal amount of Bonds that are not the subject of Submitted Hold Orders.

"Bid" has the meaning specified in subsection (a) of Section 2.02 of this Appendix D.

"Bidder" means each Existing Owner and Potential Owner who places an Order.

"Broker-Dealer" means any entity that is permitted by law to perform the function required of a Broker-Dealer described in this Appendix D, that is a member of, or a direct participant in, the Securities Depository, that has been selected by the Company, and that is a party to a Broker-Dealer Agreement with the Company and the Auction Agent.

"Broker-Dealer Agreement" means an agreement among the Auction Agent, the Company and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in this Appendix D, as such agreement may from time to time be amended or supplemented.

"Business Day" shall mean any day other than a Saturday or Sunday or other than a day on which commercial banks located in all of the cities in which the designated offices of the Trustee and the Broker-Dealer and the Principal Office of the Auction Agent are located are authorized by law or regulation to close or on which the New York Stock Exchange is closed.

"Conversion Date" means the date on which the Bonds begin to bear interest at a Daily Rate, a Weekly Rate, a Commercial Paper Rate or a Long-Term Interest Rate.

"Existing Owner" means a Person who is listed from time to time as the beneficial owner of Bonds in the records of the Auction Agent.

"Failed Auction" means an Auction for which there were not Sufficient Clearing Bids.

"Hold Order" has the meaning specified in subsection (a) of Section 2.02 of this Appendix D.

"Initial Period" means the period from the date of original issuance of the Bonds to, but not including, June 17, 2005.

"Interest Payment Date" with respect to the Bonds bearing interest at Auction Mode Rates, means June 17, 2005, and thereafter (a) when used with respect to any Auction Period of less than 92 days (other than a daily 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 an Auction Period of 92 or more days, each 13th Friday after the first day of such Auction Period or the next Business Day if such Friday is not a Business Day and on the Business Day immediately following such Auction Period, (d) each Conversion Date and (e) the maturity date for such series of Bonds.

"Maximum Interest Rate" means (i) 14% on the date hereof and (ii) to the extent the maximum rate permitted by applicable law shall become less than 14%, then the maximum rate permitted by applicable law.

"Order" means a Hold Order, Bid or Sell Order.

"Potential Owner" means any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in the Bonds in addition to the Bonds currently owned by such Person, if any.

"Principal Office" means, with respect to the Auction Agent, the office thereof designated in writing to the Company, the Trustee and each Broker-Dealer.

"Rating Agencies" means Fitch, Moody's and S&P.

"Reference Rate" shall have the meaning specified in Section 2.07 of this Appendix D.

"Securities Depository" means The Depository Trust Company and its successors and assigns or any other securities depository selected by the Company which agrees to follow the procedures required to be followed by such securities depository in connection with the Bonds.

"Sell Order" has the meaning specified in subsection (a) of Section 2.02 of Appendix D.

"Submission Deadline" means 1:00 p.m., New York City time, on each Auction Date not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date 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 2.04 of this Appendix D.

"Submitted Hold Order" has the meaning specified in subsection (b) of Section 2.04 of this Appendix D.

"Submitted Order" has the meaning specified in subsection (b) of Section 2.04 of this Appendix D.

"Submitted Sell Order" has the meaning specified in subsection (b) of Section 2.04 of this Appendix D.

"Successful Auction" means an Auction for which there were Sufficient Clearing Bids.

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

"Winning Bid Rate" means the lowest rate specified in any Submitted Bid which if selected by the Auction Agent as the Auction Rate, subject to the All Hold Rate, would cause the aggregate principal amount of 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. General Procedures. While the Bonds bear interest at the Auction Mode Rate, Auctions shall be conducted on each Auction Date (other than the Auction Date immediately preceding each Auction Rate Period commencing after the ownership of the Bonds is no longer maintained in the Book-Entry System pursuant to the Indenture). If there is an Auction Agent on such Auction Date, Auctions shall be conducted in the manner set forth in this Appendix D.

Section 2.02. Orders by Existing Owners and Potential Owners. (a) Prior to the Submission Deadline on each Auction Date:

(i) each Existing Owner 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 Bonds, if any, held by such Existing Owner which such Existing Owner 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 Bonds, if any, held by such Existing Owner which such Existing Owner 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 Owner (and which such Existing Owner irrevocably offers to sell on the next succeeding Auction 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 Owner), and/or

(C) the principal amount of Bonds, if any, held by such Existing Owner which such Existing Owner irrevocably offers to sell on the next succeeding Auction 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 Bonds, the Broker-Dealers shall contact Potential Owners, including Persons that are Existing Owners, to determine the principal amount of Bonds, if any, which each such Potential Owner 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 Owner.

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

(B) (i) Subject to the provisions of Section 2.03 of this Appendix D, a Bid by an Existing Owner shall constitute an irrevocable offer to sell:

(A) the principal amount of 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; or

(B) such principal amount or a lesser principal amount of Bonds to be determined as set forth in subsection (a)(v) of Section 2.05 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 Bonds to be determined as set forth in subsection (b)(iv) of Section 2.05 hereof if such specified rate shall be higher than the Maximum Interest Rate and Sufficient Clearing Bids do not exist.

(i) Subject to the provisions of Section 2.03 of this Appendix D, a Sell Order by an Existing Owner shall constitute an irrevocable offer to sell:

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

(B) such principal amount or a lesser principal amount of Bonds as set forth in subsection (b)(iv) of Section 2.05 hereof if Sufficient Clearing Bids do not exist.

(iii) Subject to the provisions of Section 2.03 of this Appendix D, a Bid by a Potential Owner shall constitute an irrevocable offer to purchase:

(A) the principal amount of 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 Bonds as set forth in subsection (a)(vi) of Section 2.05 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 Bonds to be held, purchased or sold in a principal amount which is not \$25,000 or an integral multiple thereof (except for the one Bond in the denomination of \$25,000 or an integral multiple of \$5,000 in excess thereof) shall be rounded down to the nearest \$25,000, 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 Owner which relates to a 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; and

(iii) for purposes of any Auction other than during a daily Auction Period, no portion of a 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.

(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 of an occurrence of an Event of Default resulting from the failure to pay the principal or interest on any Bond when due followed by the failure of the Insurer to pay a proper claim under the Policy related to the Bonds, but shall resume two Business Days after the date on which the Auction Agent receives notice from the Trustee that such Event of Default, or failure of the Insurer to pay, has been waived or cured, with the next Auction to occur on the next regularly scheduled Auction Date occurring thereafter.

Section 2.03. 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, prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer and specifying, with respect to each Order:

(i) the aggregate principal amount of Bonds, if any, that are the subject of such Order;

(ii) to the extent that such Bidder is an Existing Owner:

A. the principal amount of Bonds, if any, subject to any Hold Order placed by such Existing Owner;

B. the principal amount of Bonds, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

C. the principal amount of Bonds, if any, subject to any Sell Order placed by such Existing Owner; and

(iii) to the extent such Bidder is a Potential Owner, the rate and amount specified in such Potential Owner's 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 one thousandth of one percent (0.001%).

(c) If an Order or Orders covering all of the Bonds held by an Existing Owner 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 Owner covering the principal amount of Bonds held by such Existing Owner 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 Bonds to be converted held by such Existing Owner, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Existing Owner covering the principal amount of Bonds to be converted held by such Existing Owner 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 Bonds held by any Existing Owner are submitted to the Auction Agent, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid Hold Orders, but only up to and including in the aggregate the principal amount of Bonds held by such Existing Owner, and if the aggregate principal amount of Bonds subject to such Hold Orders exceeds the aggregate principal amount of Bonds held by such Existing Owner, the aggregate principal amount of Bonds subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of outstanding Bonds held by such Existing Owner;

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

(B) subject to sub-clause (A) of this paragraph (ii), all Bids of an Existing Owner with the same rate shall be aggregated and considered a single Bid of an Existing Owner up to and including the excess of the principal amount of Bonds held by such Existing Owner over the principal amount of Bonds held

by such Existing Owner subject to Hold Orders referred to in sub-paragraph (i) of this paragraph (d);

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

(D) the principal amount, if any, of such Bonds subject to Bids not considered to be Bids of an Existing Owner under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Owner at the rate specified therein; and

(iii) all Sell Orders shall be considered valid Sell Orders, but only up to and including a principal amount of Bonds equal to the excess of the principal amount of Bonds held by such Existing Owner over the sum of the principal amount of the Bonds considered to be subject to Hold Orders pursuant to sub-paragraph (i) of this paragraph (d) and the principal amount of Bonds considered to be subject to Bids of such Existing Owner pursuant to sub-paragraph (ii) of this paragraph (d).

(e) If more than one Bid is submitted on behalf of any Potential Owner, 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 Bonds specified therein.

(f) None of the Authority, the Company, the Trustee, the Remarketing Agent 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 Owner or Potential Owner.

Section 2.04. Determination of Auction Mode 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 of the All Hold Rate and the Reference Rate.

(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 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) of this Section 2.04, the Auction Agent shall advise the Trustee and the Company by telex, facsimile or other electronic transmission of the Auction Rate for the next succeeding Auction Period and the Trustee shall promptly notify DTC 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, (i) if the preceding Auction Period was a period of 35 days or less, the new Auction Period shall be seven days and the Auction Mode Rate for the new Auction Period shall be the same as the Auction Mode Rate for the preceding Auction Period (or if such seventh day is not followed by a Business Day, then the Auction Period shall be extended to the next succeeding day which is followed by a Business Day), and (ii) if the preceding Auction Period was a period of greater than 35 days, the preceding Auction Period shall be extended to the seventh day following the day that would have been the last day of such Auction Period had it not been extended (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) and the Auction Mode Rate in effect for the preceding Auction Period will continue in effect for the Auction Period as so extended. In the event an Auction Period is extended as set forth in clause (i) or (ii) of the preceding sentence, an Auction shall be held on the last Business Day of the Auction Period as so extended to take effect for an Auction Period beginning on the Business Day immediately following the last day of the Auction Period as extended which Auction Period will end on the date it would otherwise have ended on had the prior Auction Period not been extended. Notwithstanding the foregoing, no Auction Mode Rate shall be extended for more than 35 days. If, at the end of 35 days, the Auction Agent fails to calculate or provide the Auction Mode Rate, the Auction Mode Rate shall be the Maximum Interest Rate.

(e) In the event the Auction Procedures are suspended as provided in Section 2.02(c)(iv), the Auction Rate for the period from the date of such suspension until the next succeeding regularly scheduled Auction Period shall be the Maximum Interest Rate.

(f) In the event of a failed conversion from a Auction Mode Rate Determination Method to another Determination Method 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 or a failure to deliver a required Favorable Opinion of Tax Counsel (i) if the preceding Auction Period was a period of one year or less, the new Auction Period shall be seven days (or if such seventh day is not followed by a Business Day, then the Auction Period shall be extended to the next succeeding day which is followed by a Business Day), and the Auction Mode Rate for the new Auction Period shall be the same as the Auction Mode Rate for the preceding Auction Period, and (ii) if the preceding Auction Period was a period of greater than one year, the preceding Auction Period shall be extended to the seventh day following the day that would have been the last day of such Auction Period had it not been extended (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) and the Auction Mode Rate in effect for the preceding Auction Period will continue in effect for the Auction Period as so extended. In the event an Auction Period is extended as set forth in clause (i) or (ii) of the preceding sentence, an Auction shall be held on the last Business Day of the Auction Period as so extended to take effect for an Auction Period beginning on the Business Day immediately following the last day of the Auction Period as extended which Auction Period will end on the date it would otherwise have ended on had the prior Auction Period not been extended. Notwithstanding the foregoing, no Auction Mode Rate shall be extended for more than 35 days. If, at the end of 35 days, the Auction Agent fails to calculate or provide the Auction Mode Rate, the Auction Mode Rate shall be the Maximum Interest Rate.

(g) If the Bonds are not rated, then the Auction Mode Rate shall be the Maximum Interest Rate. If the Bonds are no longer maintained in book-entry-only form by the Securities Depository, then the Auction Rate Mode shall be the interest rate for the proceeding Auction Period. In both cases, the Auction Period shall be a seven-day Auction Period.

Section 2.05. Allocation of Bonds. (a) In the event of Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders shall be accepted or rejected as follows in the following order of priority:

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

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

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

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

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

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

Submitted Bid and the denominator of which shall be the sum of the aggregate principal amount of Bonds outstanding subject to such Submitted Bids made by all such Potential Owners 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 Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected.

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

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

(ii) the Submitted Bid of each Existing Owner specifying any rate that is not higher than the Maximum Interest Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Owner specifying any rate that is not higher than the Maximum Interest Rate shall be accepted, thus requiring each such Potential Owner to purchase the Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Owner shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Owner specifying any rate that is higher than the Maximum Interest Rate 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 Bonds obtained by multiplying (A) the aggregate principal amount of 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 Bonds outstanding held by such Existing Owner 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 Bonds outstanding 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 Owner shall be required to continue to hold such excess amount of Bonds; and

(v) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Maximum Interest Rate shall be rejected.

(c) If, as a result of the procedures described in subsection (a) or (b) of this Section 2.05, any Existing Owner or Potential Owner would be required to purchase or sell an aggregate principal amount of Bonds which is not an integral multiple of \$25,000 on any Auction Date (except for the one Bond in the denomination of \$25,000 or an integral multiple of \$5,000 in excess thereof), 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 Bonds to be purchased or sold by

any Existing Owner or Potential Owner on such Auction Date so that the aggregate principal amount of Bonds purchased or sold by each Existing Owner or Potential Owner on such Auction Date shall be an integral multiple of \$25,000, even if such allocation results in one or more of such Existing Owners or Potential Owners not purchasing or selling any Bonds on such Auction Date.

(d) If, as a result of the procedures described in subsection (a) of this Section 2.05, any Potential Owner would be required to purchase less than \$25,000 in principal amount of Bonds on any Auction Date (except for the one Bond in the denomination of \$25,000 or an integral multiple of \$5,000 in excess thereof), the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate Bonds for purchase among Potential Owners so that the principal amount of Bonds purchased on such Auction Date by any Potential Owner shall be an integral multiple of \$25,000, even if such allocation results in one or more of such Potential Owners not purchasing Bonds on such Auction Date.

Section 2.06. Notice of Auction Rate. (a) On each Auction Date, the Auction Agent shall notify by telephone or other electronic means or in writing each Broker-Dealer that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of the following:

(i) the Auction 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 Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Bonds, if any, to be sold by such Existing Owner;

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

(v) if the aggregate principal amount of the Bonds to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of Bonds to be purchased by all Potential Owners 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 Bonds to be (A) purchased from one or more Existing Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Owners on whose behalf such Broker-Dealer submitted Bids; and

(vi) the immediately succeeding Auction Date.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of each such Owner was accepted or rejected and (C) the immediately succeeding Auction Date;

(ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner'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 Bonds to be purchased pursuant to such Bid (including, with respect to the 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 Bonds; and

(iii) instruct each Existing Owner 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 Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of Bonds to be sold pursuant to such Bid or Sell Order against payment therefor.

Section 2.07. Reference Rate. (a) The Reference Rate on any Auction Date with respect to Bonds in any Auction Period of 35 days or less shall be the offered rate for deposits in U.S. dollars for a one-month period (LIBOR) which appears on the MoneyLine Telerate Page 3750 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. The Reference Rate with respect to Bonds in any Auction Period of more than 35 days shall be the rate on Treasury securities having a maturity which most closely approximates the length of the Auction Period, as last published in *The Wall Street Journal*. If either rate is unavailable, the Reference Rate shall be an index or rate agreed to by all Broker-Dealers and consented to by the Company.

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

(c) The determination of the Reference Rate as provided herein shall be conclusive and binding upon the Authority, the Company, the Trustee, the Remarketing Agent, the Broker-Dealers, the Auction Agent and the owners and Beneficial Owners of the Bonds.

Section 2.08. Miscellaneous Provisions Regarding Auctions. (a) In this Appendix D, each reference to the purchase, sale or holding of Bonds shall refer to beneficial interests in Bonds, unless the context clearly requires otherwise.

(b) During an Auction Rate Period, the provisions of the Indenture concerning the Auction Procedures and the definitions contained therein and described in this Appendix D, including without limitation the definitions of All Hold Rate, Interest Payment Date, Reference

Rate, Applicable Percentage and Auction Mode Rate, may be amended pursuant to the Indenture by obtaining the consent of the Insurer and the owners of all Bonds bearing interest at a Auction Mode Rate, as follows. 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 registered owners of the Bonds as required by the Indenture, (i) the Auction Mode Rate which is determined on such date is the Winning Bid Rate and (ii) there is delivered to the Company and the Trustee a Favorable Opinion of Tax Counsel with respect to such amendment, the proposed amendment shall be deemed to have been consented to by the owners of all affected Bonds affected by such amendment.

(c) During an Auction Rate Period, so long as the ownership of the Bonds is maintained in book-entry form by the Securities Depository, an Existing Owner or a beneficial owner may sell, transfer or otherwise dispose of a 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 Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the Existing Owner of such 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 Section 2.08 if such Broker-Dealer remains the Existing Owner of the Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition.

Section 2.09. Changes in Auction Period or Auction Date.

(a) *Changes in Auction Period.*

(i) During any Auction Rate Period, the Company, may, from time to time on any Interest Payment Date, change the length of the Auction Period with respect to all of the Bonds 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 such Bonds. The Company shall initiate the change in the length of the Auction Period by giving seven days' prior written notice to the Trustee, the Auction Agent, the Issuer, the Broker-Dealers and the Securities Depository. If the change is from an Auction Period of one year or less to more than one year, or vice versa, the Company shall also provide the Trustee with a Favorable Opinion of Tax Counsel as to such change in the Auction Period.

(ii) The change in the length of the Auction Period shall not be effective 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.

(iii) The change in length of the Auction Period shall take effect only if (A) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period and (B) if the Favorable Opinion of Tax Counsel as to such change in the Auction Period, if required, is confirmed on the effective date of the change. For purposes of the Auction for such first Auction Period only, each Existing Owner shall be deemed to have submitted Sell Orders with respect to all of its Bonds except to the extent

such Existing Owner submits an Order with respect to such Bonds. If the conditions referred to in the first sentence of this sub-paragraph (iii) are not met, the Trustee shall notify the Auction Agent and then (C) if the preceding Auction Period was a period of one year or less, the new Auction Period shall be seven days (or if such seventh day is not followed by a Business Day, then the Auction Period shall be extended to the next succeeding day which is followed by a Business Day), and the Auction Mode Rate for the new Auction Period shall be the same as the Auction Rate Mode for the preceding Auction Period, and (D) if the preceding Auction Period was a period of greater than one year, the preceding Auction Period shall be extended to the seventh day following the day that would have been the last day of such Auction Period had it not been extended (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) and the Auction Mode Rate in effect for the preceding Auction Period will continue in effect for the Auction Period as so extended. In the event an Auction Period is extended as set forth in clause (C) or (D) of the preceding sentence, an Auction shall be held on the last Business Day of the Auction Period as so extended to take effect for an Auction Period beginning on the Business Day immediately following the last day of the Auction Period as extended which Auction Period will end on the date it would otherwise have ended on had the prior Auction Period not been extended. Notwithstanding the foregoing, no Auction Mode Rate shall be extended for more than 35 days. If, at the end of 35 days, the Auction Agent fails to calculate or provide the Auction Mode Rate, the Auction Mode Rate shall be the Maximum Interest Rate.

(iv) On the conversion date of the Bonds selected for conversion from one Auction Period to another, any Bonds which are not the subject of a specific Hold Order or Bid will be deemed to be subject to a Sell Order.

(b) *Changes in Auction Date.* During any Auction Rate Period, the Auction Agent, at the written direction of the Company, shall specify an earlier Auction Date (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 the Bonds. The Company 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, the Authority, the Auction Agent, the Broker-Dealers, the Remarketing Agent, and the Securities Depository.

ARTICLE III

AUCTION AGENT

Section 3.01. Auction Agent. (a) The Auction Agent shall be appointed by the Company 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 a written instrument, delivered to the Company, the Trustee, the Authority 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 the Company and the Trustee.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in 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 NASD having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties and obligations imposed upon it by this Indenture 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 this Indenture by giving at least 90 days notice to the Company, the Authority and the Trustee. The Auction Agent may be removed at any time by the Company by written notice, delivered to the Auction Agent, the Authority and the Trustee. Upon any such resignation or removal, the Company 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 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 Company. In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving 45 days notice to the Company, the Authority and the Trustee even if a successor Auction Agent has not been appointed.