WELLS FARGO BANK, N.A., as a Lender

By:_____
Name: Scott D. Bjelde
Title: Senior Vice President

CIBC Inc., as a Lender

By: _____
Name: Robert W. Casey, Jr
Title: Executive Director

Mizuho Corporate Bank (USA), as a Lender

By:_____
Name: Raymond Ventura
Title: Deputy General Manager

PNC BANK, N.A. as a Lender

By: _____
Name: William J. Bowne
Title: Managing Director

Royal Bank of Canada, as a Lender

By:_____
Name: Jay T. Sartain
Title: Authorized Signatory

THE BANK OF TOKYO-MITSUBISHI UFJ, LIMITED, as a Lender

By:_____

Name: CHI-CHENG CHEN

Title: AUTHORIZED SIGNATORY

The Northern Trust Company, as a Lender

By:_____
Name: Keith Burson
Title: Vice President

THE BANK OF NEW YORK MELLON, as a Lender

By: _____
Name: John N. Watt
Title: Vice President

UNION BANK, N.A., as a Lender

By: Pascal Uttinger

Name: Pascal Uttinger
Title: Vice President

SCHEDULE I
PRICING SCHEDULE

The "Applicable Margin," the "LC Fee Rate" and the "Facility Fee Rate" for any day are the respective percentages set forth below in the applicable row under the column corresponding to the Pricing Level that exists on such day:

Pricing Level	Debt Rating S&P/Moody's/Fitch	Applicable Margin for Eurodollar Advances and LC Fee Rate	Applicable Margin for Base Rate Advances	Facility Fee Rate
I	≥ A-/A3/A-	1.550%	0.550%	0.200%
II	BBB+/Baa1/BBB+	1.750%	0.750%	0.250%
III	BBB/Baa2/BBB	1.875%	0.875%	0.375%
IV	BBB-/Baa3/BBB-	2.250%	1.250%	0.500%
V	≤ BB+/Ba1/BB+	2.375%	1.375%	0.625%

For purposes of the foregoing, (x) at any time that Debt Ratings are available from each of S&P, Moody's and Fitch and there is a split among such Debt Ratings, then (i) if any two of such Debt Ratings are in the same level, such level shall apply or (ii) if each of such Debt Ratings is in a different level, the level that is the middle level shall apply and (y) at any time that Debt Ratings are available only from any two of S&P, Moody's and Fitch and there is a split in such Debt Ratings, then the higher* of such Debt Ratings shall apply, unless there is a split in Debt Ratings of more than one level, in which case the level that is one level higher than the lower Debt Rating shall apply. The Debt Ratings shall be determined from the most recent public announcement of any changes in the Debt Ratings. If the rating system of S&P, Moody's or Fitch shall change, the Borrower and the Administrative Agent shall negotiate in good faith to amend the definition of "Debt Rating" to reflect such changed rating system and, pending the effectiveness of such amendment (which shall require the approval of the Majority Lenders), the Debt Rating shall be determined by reference to the rating most recently in effect prior to such change. If the Borrower has no Fitch Rating, no Moody's Rating and no S&P Rating, Pricing Level V shall apply.

* It being understood and agreed, by way of example, that a Debt Rating of A- is one level higher than a Debt Rating of BBB+.

SCHEDULE II
COMMITMENTS

Lender	Commitment
JPMorgan Chase Bank, N.A.	$60,000,000.00
Bank of America, N.A.	$60,000,000.00
Barclays Bank PLC	$60,000,000.00
Citibank, N.A.	$60,000,000.00
BNP Paribas	$50,000,000.00
Credit Suisse AG	$50,000,000.00
Deutsche Bank AG New York Branch	$50,000,000.00
Goldman Sachs Bank USA	$50,000,000.00
Morgan Stanley Bank, N.A.	$50,000,000.00
Scotiabanc Inc.	$50,000,000.00
The Royal Bank of Scotland plc	$50,000,000.00
UBS Loan Finance LLC	$50,000,000.00
US Bank National Association	$50,000,000.00
Wells Fargo Bank, N.A.	$50,000,000.00
CIBC, Inc.	$35,000,000.00
Mizuho Corporate Bank (USA)	$35,000,000.00
PNC Bank, National Association	$35,000,000.00
Royal Bank of Canada	$35,000,000.00
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$35,000,000.00
The Northern Trust Company	$35,000,000.00
The Bank of New York Mellon	$25,000,000.00
Union Bank, N.A.	$25,000,000.00
TOTAL	**$1,000,000,000.00**

SCHEDULE III
EXISTING CREDIT FACILITY

Credit Agreement dated as of October 3, 2007, as amended, among Borrower, various financial institutions and JPMCB, as administrative agent.

EXHIBIT A
FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____
   [and is an Affiliate/Approved Fund of [identify Lender][1]]

3. Borrower: COMMONWEALTH EDISON COMPANY

4. Administrative Agent: JPMORGAN CHASE BANK, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: The $1,000,000,000 Credit Agreement dated as of March 25, 2010 among Commonwealth Edison Company, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents parties thereto]

6. Assigned Interest:

Facility Assigned	Aggregate Commitment	Commitment	Percentage Assigned of

[1] Select as applicable.

	Amounts/Loans for all Lenders	Amount/Loans Assigned	Commitment/Loans[2]
Revolving Loan	$	$	%
	$	$	%
	$	$	%

Effective Date: _____ ___, 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more Credit Contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its related parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and][3] Accepted:

JPMORGAN CHASE BANK, N.A., as
Administrative Agent

By_____
Title:

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2 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

3 To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

[Consented to:][4]

[NAME OF RELEVANT PARTY]

By_____
Title:

[4] To be added only if the consent of the Borrower and/or other parties (e.g. Swingline Lender, Issuing Bank) is required by the terms of the Credit Agreement.

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION

[_____][5]

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other document executed or delivered in connection therewith (collectively, the "Loan Documents"), (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

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5 Describe Credit Agreement at option of Administrative Agent.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the laws of the State of Illinois.

EXHIBIT B

FORM OF NOTICE OF BORROWING

[Date]

JPMorgan Chase Bank, N.A.,
as Administrative Agent,
and the Lenders that are parties to
the Credit Agreement referred to below
1111 Fannin St., 10th Floor
Houston, TX 77002
Attention: Utilities Department
North American Finance Group

Ladies and Gentlemen:

The undersigned, Commonwealth Edison Company (the "Borrower"), refers to the Credit Agreement, dated as of _____, 2010, among the Borrower, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"), and hereby gives you notice, irrevocably, pursuant to Section 2.02(a)(i) of the Credit Agreement that the undersigned requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a)(i) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is ____, 20___.

(ii) The Type of Advances to be made in connection with the Proposed Borrowing is [Base Rate Advances] [Eurodollar Advances].

(iii) The aggregate amount of the Proposed Borrowing is $_____.

(iv) If applicable, the Interest Period for each Eurodollar Advance made as part of the Proposed Borrowing is [__ days] [__ month[s]].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties of the undersigned contained in Section 4.01 of the Credit Agreement (excluding the representations and warranties set forth in Section 4.01(e)(ii) and the first sentence of Section 4.01(f) of the Credit Agreement) are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(B) no event has occurred and is continuing, or would result from the Proposed Borrowing or from the application of the proceeds therefrom, that constitutes an Event of Default or Unmatured Event of Default.

Very truly yours,

COMMONWEALTH EDISON COMPANY

By_____
Name:
Title:

EXHIBIT C

FORM OF INCREASE REQUEST

_____, 20_____

JPMorgan Chase Bank, N.A., as Administrative Agent
under the Credit Agreement referred to below

Ladies/Gentlemen:

Please refer to the Credit Agreement dated as of _____, 2010 among Commonwealth Edison Company, as borrower (the "Borrower"), various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified, extended or restated from time to time, the "Credit Agreement"). Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

In accordance with Section 2.18 of the Credit Agreement, the Borrower hereby requests an increase in the Aggregate Commitment Amount from $_____ to $_____. Such increase shall be made by [increasing the Commitment Amount of _____ from $_____ to $_____] [adding _____ as a Lender under the Credit Agreement with a Commitment Amount of $_____] as set forth in the letter attached hereto. Such increase shall be effective three Business Days after the date that the Administrative Agent accepts the letter attached hereto or such other date as is agreed among the Borrower, the Administrative Agent and the [increasing] [new] Lender.

The Borrower certifies that (A) the representations and warranties contained in Section 4.01 of the Credit Agreement will be correct on the date of the increase requested hereby, before and after giving effect to such increase, as though made on and as of such date; and (B) no Event of Default or Unmatured Event of Default exists on and as of such date.

Very truly yours,

COMMONWEALTH EDISON COMPANY

By:
Name:
Its:

ANNEX I TO EXHIBIT C
_____, 20__

JPMorgan Chase Bank, N.A., as Administrative Agent
under the Credit Agreement referred to below

Ladies/Gentlemen:

Please refer to the letter dated _____, 20__ from Commonwealth Edison Company (the "Borrower") requesting an increase in the Aggregate Commitment Amount from $_____ to $_____ pursuant to Section 2.18 of the Credit Agreement dated as of _____, 2010 among the Borrower, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified, extended or restated from time to time, the "Credit Agreement"). Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

The undersigned hereby confirms that it has agreed to increase its Commitment Amount under the Credit Agreement from $_____ to $_____ effective on the date which is three Business Days after the acceptance hereof by the Administrative Agent or on such other date as may be agreed among the Borrower, the Administrative Agent and the undersigned.

Very truly yours,

[NAME OF INCREASING LENDER]

By: _____

Title: _____

Accepted as of
_____, 20__

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By:_____
Name:_____
Title: _____

ANNEX II TO EXHIBIT C

_____, 20__

JPMorgan Chase Bank, N.A., as Administrative Agent
under the Credit Agreement referred to below

Ladies/Gentlemen:

Please refer to the letter dated _____, 20__ from Commonwealth Edison Company (the "Borrower") requesting an increase in the Aggregate Commitment Amount from $_____ to $_____ pursuant to Section 2.18 of the Credit Agreement dated as of _____, 2010 among the Borrower, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified, extended or restated from time to time, the "Credit Agreement"). Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

The undersigned hereby confirms that it has agreed to become a Lender under the Credit Agreement with a Commitment Amount of $_____ effective on the date which is three Business Days after the acceptance hereof, and consent hereto, by the Administrative Agent or on such other date as may be agreed among the Borrower, the Administrative Agent and the undersigned.

The undersigned (a) acknowledges that it has received a copy of the Credit Agreement and the Schedules and Exhibits thereto, together with copies of the most recent financial statements delivered by the Borrower pursuant to the Credit Agreement, and such other documents and information as it has deemed appropriate to make its own credit and legal analysis and decision to become a Lender under the Credit Agreement; and (b) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Credit Agreement.

The undersigned represents and warrants that (i) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this letter and to become a Lender under the Credit Agreement; and (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution and delivery of this letter and the performance of its obligations as a Lender under the Credit Agreement.

The undersigned agrees to execute and deliver such other instruments, and take such other actions, as the Administrative Agent may reasonably request in connection with the transactions contemplated by this letter.

The following administrative details apply to the undersigned:

(A) Notice Address:

Legal name: _____
Address: _____
_____
_____

Attention: _____

Telephone: (___) _____
Facsimile: (___) _____

(B) Payment Instructions:
Account No.: _____
At: _____
_____
_____
Reference: _____
Attention: _____

The undersigned acknowledges and agrees that, on the date on which the undersigned becomes a Lender under the Credit Agreement as set forth in the second paragraph hereof, the undersigned will be bound by the terms of the Credit Agreement as fully and to the same extent as if the undersigned were an original Lender under the Credit Agreement.

Very truly yours,

[NAME OF NEW LENDER]

By:_____
Title:_____

Accepted as of
_____, 20__

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By:_____
Name:_____
Title: _____

[Consented to:][6]
[NAME OF RELEVANT PARTY]
By:
Title:

[6] To be added only if the consent of other parties (e.g. Swingline Lenders and LC Issuer) is required by the terms of the Credit Agreement.

EXHIBIT D

FORM OF ANNUAL AND QUARTERLY COMPLIANCE CERTIFICATE

_____, 20____

Pursuant to the Credit Agreement, dated as of _____, 2010, among Commonwealth Edison Company (the "Borrower"), various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, modified or supplemented from time to time, the "Credit Agreement"), the undersigned, being _____ of the Borrower, hereby certifies on behalf of the Borrower as follows:

1. [Delivered] [Posted concurrently]* herewith are the financial statements prepared pursuant to Section 5.01(b)[(ii)/(iii)] of the Credit Agreement for the fiscal _____ ended _____, 20__. All such financial statements comply with the applicable requirements of the Credit Agreement.

*Applicable language to be used based on method of delivery.

2. Schedule I hereto sets forth in reasonable detail the information and calculations necessary to establish the Borrower's compliance with the provisions of Section 5.02(c) of the Credit Agreement as of the end of the fiscal period referred to in paragraph 1 above.

3. A review of the activities of the Borrower during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Borrower performed and observed all its obligations under the Credit Agreement.

4. Based on the review described in paragraph 3 above, to the best of the knowledge of the undersigned during such fiscal period (Check one and only one:)

__ No Event of Default or Unmatured Event of Default has occurred and is continuing.

__ An Event of Default or Unmatured Event of Default has occurred and is continuing, and the document(s) attached hereto as Schedule II specify in detail the nature and period of existence of such Event of Default or Unmatured Event of Default as well as any and all actions with respect thereto taken or contemplated to be taken by the Borrower.

5. Capitalized terms used in this certificate and not otherwise defined shall have the meanings given in the Credit Agreement.

COMMONWEALTH EDISON COMPANY

By_____
Name:_____
Title:_____

Date:_____

ANNEX A TO CREDIT AGREEMENT

BOND LC SUPPLEMENT TO CREDIT AGREEMENT

ARTICLE I AMOUNT AND TERMS OF THE BOND LCS

Subject to the terms and conditions of the Credit Agreement (including this Supplement), the provisions of the Credit Agreement regarding the issuance of Facility LCs that are Bond LCs shall be supplemented by this Supplement. To the extent not inconsistent herewith, all of the provisions of the Credit Agreement relating to the issuance, modification and reimbursement of Facility LCs shall remain in full force and effect. Capitalized terms used in this Supplement shall have the meanings ascribed thereto in Article VII hereof.

SECTION 1.1 Bond LCs.

SECTION 1.1.1 Bond LCs shall not be issued in respect of any obligation other than the Bonds.

SECTION 1.1.2 Subject to Section 1.1.1, the Borrower shall give the applicable LC Issuer notice prior to 11:00 A.M., New York City time, at least 10 Business Days (or such lesser time as the applicable LC Issuer may agree) prior to the proposed Date of Issuance or Modification of each Bond LC, specifying the name of the Trustee as beneficiary, the series of Bonds to be supported by such Bond LC, the proposed date of issuance (or Modification) and the expiry date of such Bond LC and describing the proposed terms of such Bond LC. Such notice shall also be accompanied by drafts of the proposed Official Statement and the other Operative Documents relating to the series of Bonds to be supported by such Bond LC.

SECTION 1.1.3 Upon the satisfaction of the conditions precedent set forth in Section 2.1, on the applicable Date of Issuance, the applicable LC Issuer hereunder will issue to the Trustee one or more Bond LCs (substantially in the form of Exhibit A hereto) to support the related series of Bonds. The initial face amount may be from time to time reduced and/or reinstated in accordance with the terms of the applicable Bond LC. The Lenders will use only their own funds in honoring a drawing on the Bond LCs. The Borrower irrevocably and unconditionally instructs the applicable LC Issuer to reduce or reinstate a Bond LC in accordance with its terms or in the event the Trustee elects to reduce the stated amount of any Bond LC in connection with a redemption of Bonds or otherwise.

SECTION 1.1.4 Bond LC Fees. The Borrower hereby agrees to pay the fees specified in the applicable Bond LC Fee Letter, to the applicable LC Issuer, at the times and in the amounts set forth therein.

SECTION 1.1.5 Reserved.

SECTION 1.1.6 Tender Advances.

(a) If any LC Issuer shall make any payments under a Bond LC pursuant to a Tender Draft to pay the purchase price of Bonds being purchased upon a tender thereof, and the conditions set forth in Section 2.2 shall have been fulfilled, such payments shall automatically be deemed to constitute and shall be an advance made by such LC Issuer to the Borrower on the date and in the amount of such payment, each such advance being a

"Tender Advance" and collectively the "Tender Advances"; provided, that if such conditions are not satisfied the payments made by such LC Issuer shall immediately become due and payable.

(b) Subject to Sections 1.1.9 and 5.2, the principal amount of each Tender Advance, together with all accrued and unpaid interest thereon, shall be due and payable on the earlier of (i) the date that is thirty (30) days after the making of such Tender Advance (or if such date is not a Business Day, the next succeeding Business Day) and (ii) the applicable Bond LC Expiration Date.

(c) Upon each Tender Draft there shall be delivered to the Trustee, as agent for the Administrative Agent, registered in the name of the Borrower but with the Administrative Agent registered as pledgee, in duly transferable form, the Bonds purchased with the proceeds of such Tender Draft, i.e. the Pledged Bonds (or in the alternative, as provided in the Pledge Agreement for certificated Bonds held by The Depository Trust Company or its nominee or a similar securities depository, the Trustee shall cause its records in its capacity as a "DTC participant" or similar capacity with respect to another depository, to reflect beneficial ownership of the Pledged Bonds by the Borrower subject to the lien and security interest of the Administrative Agent). As security for the payment of each Tender Advance under this Agreement, the Borrower is pledging to the Administrative Agent pursuant to the Pledge Agreement, and granting to the Administrative Agent, for the benefit of the Administrative Agent, the LC Issuers and the Lenders, a security interest in, all of its right, title and interest in and to all Pledged Bonds arising in connection with a Tender Draft.

(d) Upon payment to the Administrative Agent or the applicable LC Issuer of any Tender Advance (together with all accrued interest thereon), other than payment from the proceeds of a remarketing of the Bonds with respect to which such Tender Advance was made pursuant to the applicable Indenture, and provided that the Administrative Agent shall not have notified the Trustee and the Remarketing Agent that an Event of Default has occurred and is continuing, the Administrative Agent (or the Trustee (as custodian for the Administrative Agent) at the direction of the Administrative Agent) shall release from the pledge and security interest created hereby the Pledged Bonds purchased with the proceeds of such Tender Advance. The Administrative Agent shall have no obligation to release any such Pledged Bonds pursuant to this subsection (d) unless the entire Tender Advance incurred to buy such Pledged Bonds, together with accrued interest thereon, has been paid, and the related Bond LC shall have been returned to the applicable LC Issuer for cancellation. Such Pledged Bonds shall be delivered to the Borrower or its designee on payment as aforesaid.

(e) In the event Pledged Bonds are remarketed pursuant to the applicable Indenture, and provided that the Administrative Agent shall not have notified the Trustee and Remarketing Agent in writing that an Event of Default has occurred and is continuing, the Administrative Agent (or the Trustee (as custodian for the Administrative Agent) at the direction of the Administrative Agent) shall also release from the pledge and security interest evidenced by the Pledge Agreement a principal amount of Pledged Bonds equal to the principal amount of Bonds so remarketed. The Pledged Bonds shall be released (i) upon notice from the Remarketing Agent to the Administrative Agent one Business Day prior to such release (or such shorter period of time as may be agreed to by the parties) specifying the principal amount of Bonds purchased by and to be delivered to

such purchaser, and (ii) upon receipt by the Trustee or Remarketing Agent, as applicable, for the account of the Administrative Agent or LC Issuer, as applicable, as provided for in the related Indenture, of remarketing proceeds with respect to such remarketed Pledged Bonds in an amount not less than the principal amount of the Pledged Bonds, plus accrued interest thereon to the date of remarketing.

(f) Any interest or any principal received by the Administrative Agent or the applicable LC Issuer in respect of Pledged Bonds shall be credited against the Bond LC Reimbursement Obligations and applied first to interest due; except that during the continuance of an Event of Default, the Administrative Agent may apply such interest or principal to any Bond LC Reimbursement Obligations as it may in its discretion elect.

SECTION 1.1.7 Notice to Trustee.

At any time that Bonds are held under the Pledge Agreement, the Administrative Agent, at the request of the Trustee, shall notify such Trustee of the rate of interest applicable to, and interest payment dates for, outstanding Tender Advances relating to such Pledged Bonds.

SECTION 1.1.8 Reserved.

SECTION 1.1.9 Reinstatement of Bond LC Amounts.

Prior to or simultaneously with the remarketing or redemption of Bonds acquired by any Trustee with the proceeds of one or more draws under the Bond LCs related to such Bonds by one or more Tender Drafts, or if any Pledged Bonds shall be determined to be invalid, the Borrower shall prepay or cause the Trustee on behalf of the Borrower to prepay the then outstanding Tender Advances resulting from such draw or draws (in the order in which they were made) and accrued interest thereon, if any, by paying (or causing to be paid) to the Administrative Agent (if such prepayment is being made by the Borrower), for the account of the Lenders in proportion to their respective Pro Rata Shares, or to the applicable LC Issuer (if such prepayment is being made by any Trustee), for the account of the Lenders in proportion to their respective Pro Rata Shares, an amount equal to the sum of (i) the aggregate principal amount of the Bonds being resold or to be resold or being redeemed or that have been determined to be invalid, plus (ii) accrued interest thereon, for application to the prepayment of such Tender Advances. With respect to payments of Tender Advances made by any Trustee to any LC Issuer, such payments, when such LC Issuer shall also have received certificates completed and signed by the Trustee in substantially the form provided in the applicable Bond LC, shall be applied by the Administrative Agent in reimbursement of such drawings (and as prepayment of Tender Advances resulting from such drawings in the manner described above). Each of the Borrower and the Lenders irrevocably authorizes the LC Issuers to rely on such certificate and to reinstate the applicable Bond LCs in accordance therewith, and otherwise to reinstate the applicable Bond LCs at the times and in the manner specified therein.

ARTICLE II CONDITIONS OF BOND LC ISSUANCE AND TENDER ADVANCES

SECTION 2.1.1 Conditions to Issuance of Bond LCs. The obligations of any LC Issuer to issue any Bond LC in respect of any series of Bonds shall be subject to the conditions precedent that on or before the Date of Issuance for such Bond LC, the Administrative Agent shall have received all of the following each dated a date reasonably satisfactory to the

Administrative Agent and otherwise in form and substance reasonably satisfactory to the Administrative Agent:

(a) a certificate signed by either the chief financial officer, principal accounting officer or treasurer of the Borrower stating that (i) the representations and warranties contained in Section 4.01 of the Credit Agreement (to the extent applicable and excluding those set forth in Section 4.01(e)(ii) of the Credit Agreement and the first sentence of Section 4.01(f) of the Credit Agreement) and Section 3.1 are correct on and as of the Date of Issuance as though made on and as of such date, (ii) no event has occurred and is continuing, or would result from the issuance of such Bond LC, that constitutes an Unmatured Event of Default or an Event of Default and (iii) the representations and warranties of the Borrower contained in the Operative Documents relating to such series of Bonds to which it is a party are correct in all material respects on and as of the Date of Issuance as though made on and as of such date;

(b) executed copies (or duplicates thereof) of each of the Operative Documents relating to such series of Bonds and the final copy of the Official Statement, together with any supplements thereto, for such series of Bonds together with a copy of each opinion, certificate and other document or instrument (in the case of each opinion, addressed to the Administrative Agent either directly or through a reliance letter), including rating letters indicating that the ratings of such series of Bonds have been rated at least the ratings of the applicable LC Issuer, required to be delivered pursuant to the applicable Indenture in connection with the issuance of such series of Bonds;

(c) evidence that the First Mortgage Bond relating to such series of Bonds has been authenticated and issued to the Trustee for such series of Bonds shall be in the aggregate principal amount not less than the principal amount of such series of Bonds being issued;

(d) a certificate of a duly authorized officer of the Borrower certifying that attached thereto is (i) a true, correct and complete copy of the Mortgage, dated July 1, 1923, as amended and supplemented by supplemental indentures, including the Supplemental Indenture, dated August 1, 1944, from the Borrower to the Mortgage Trustees, omitting copies of supplemental indentures that provide for the issuance of Debt, (ii) a listing of the supplemental indentures currently in effect and confirming that such supplemental indentures are the only supplemental indentures or other instruments in effect that have amended or supplemented the original Mortgage and (iii) a complete and correct copy of the Supplemental Indenture related to the series of Bonds being issued;

(e) evidence that all conditions precedent to the issuance of such series of Bonds shall have occurred;

(f) the Borrower shall have executed and delivered a Bond LC Fee Letter in favor of the applicable LC Issuer (if requested by the applicable LC Issuer) and paid any fees and disbursements payable to the Administrative Agent and the Lenders pursuant to this Supplement or the Credit Agreement on or prior to the Date of Issuance;

(g) such other approvals, opinions or documents in connection with such series of Bonds as any Lender may reasonably request in connection with this Agreement or any Operative Document;

(h) a certificate of the Trustee for such series of Bonds as to the principal amount of

such series of Bonds outstanding in respect of which it is acting as Trustee; and

(i) a certificate of an authorized officer of the Trustee for such series of Bonds certifying the names, true signatures and incumbency of the officers of such Trustee authorized to make drawings under the Bond LC issued in favor of such Trustee and as to such other matters as the Administrative Agent may reasonably request.

The Borrower shall be deemed to have represented and warranted, on each applicable Date of Issuance, that the certifications contained in Section 2.1(a) are accurate.

SECTION 2.2 Conditions Precedent to Each Tender Advance or Modification. The obligation of each Lender or LC Issuer to make any Tender Advance and of each LC Issuer to issue or modify any Bond LC shall be subject to the conditions precedent that on the date of such Credit Extension, the following statements shall be true (and (x) on the date of each payment by any LC Issuer under a Bond LC pursuant to a Tender Draft, and on the date of making any Tender Advance and (y) the request by the Borrower for the issuance or Modification of a Bond LC shall constitute a representation and warranty by the Borrower that on the date of the making of such Tender Advances or the issuance or Modification of such Bond LC (as applicable) such statements are true):

(a) The representations and warranties of the Borrower contained in Section 3.1 are correct on and as of the date of such Credit Extension, before and after giving effect to such Credit Extension and, in the case of the making of Tender Advances, the application of the proceeds therefrom, as though made on and as of such date;

(b) The representations and warranties of the Borrower contained in the Operative Documents for the related series of Bonds are correct on and as of the date of such Tender Advance or Modification (as the case may be), before and after giving effect to such Tender Advance or Modification (as the case may be) and as it relates to such Tender Advance, to the application of the proceeds therefrom, as though made on and as of such date, except for changes that would not materially adversely affect the ability of the Borrower to meet its obligations hereunder and under the Pledge Agreement; and

(c) The conditions set forth in Section 3.02 of the Credit Agreement are satisfied.

ARTICLE III BOND LC REPRESENTATIONS AND WARRANTIES

SECTION 3.1 In addition to the representations and warranties contained in Section 4.01 of the Credit Agreement, the Borrower represents and warrants as follows:

(a) The execution, delivery and performance by the Borrower of the Operative Documents to which it is party with respect to a series of Bonds covered by a Bond LC are within the Borrower's powers, have been duly authorized by all necessary organizational action on the part of the Borrower, and do not and will not contravene (i) the organizational documents of the Borrower, (ii) applicable law or (iii) any contractual or legal restriction binding on or affecting the properties of the Borrower or any Subsidiary.

(b) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of the Operative Documents to which it is party with respect to a series of Bonds covered by a Bond LC except any order that has been duly obtained and is (x) in full force and effect and (y) sufficient for the purposes hereof.

(c) Each of the Operative Documents to which the Borrower is a party with respect to a series of Bonds covered by a Bond LC is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforceability thereof may be limited by equitable principles or bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(d) No proceeds from the issuance of any Bonds covered by a Bond LC or from any Tender Advance have been or will be used directly or indirectly in connection with the acquisition of in excess of 5% of any class of equity securities that is registered pursuant to Section 12 of the Exchange Act.

(e) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds from the issuance of the Bonds covered by a Bond LC or any Tender Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Not more than 25% of the value of the assets of the Borrower and its Subsidiaries is represented by margin stock.

(f) Upon the acquisition and delivery of all or a portion of a series of Bonds pursuant to the Pledge Agreement and the related Control Agreement, the liens granted by the Pledge Agreement and such Control Agreement will be duly created and perfected with the priority contemplated by the Pledge Agreement and the Control Agreement.

(g) The information contained in each Official Statement relating to a series of Bonds covered by a Bond LC and all written information provided to the Lenders in connection with this Supplement as of their respective dates is correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made in such Official Statement, in light of the circumstances under which they were made, not misleading. The Borrower makes no representation as to information in the Official Statement relating to any Lender and provided by a Lender for inclusion in the Official Statement or summarizing the contents of documents.

(h) Upon the issuance thereof, each of the Bonds covered by a Bond LC will have been duly authorized, authenticated and issued and delivered, and will be the legal, valid and binding obligations of the applicable Issuer, and will not be in default.

(i) The performance of this Supplement and the transactions contemplated herein will not affect the status as exempt from Federal income tax, of interest on the Bonds held by any person (other than a person who is a substantial user of the project financed with those Bonds or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended, or Section 147(a) of the Code)).

(j) The Mortgage is, and when issued and delivered in connection with the issuance of a series of Bonds covered by a Bond LC, each First Mortgage Bond will be, the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or limiting creditors' rights generally. The issuance of the First Mortgage Bond to the Trustee is not required to be

registered under the Securities Act of 1933, as amended. The execution, delivery and performance by the Borrower of the Mortgage are, and when issued and delivered in connection with the issuance of a series of Bonds covered by a Bond LC, each First Mortgage Bond will be, within its corporate powers, have been duly authorized by all necessary corporate action and do not violate any provision of law or any agreement, indenture, note or other instrument binding upon or affecting it or its restated articles of incorporation or by-laws or give cause for acceleration of any of its Debt, except to the extent such violation or acceleration would not, in the aggregate, have a material adverse effect on the value of any First Mortgage Bond or the Mortgaged Property or the enforceability of any First Mortgage Bond or the Mortgage.

(k) All authorizations, approvals and other actions by, and notices to and filings with, all governmental authorities and regulatory bodies required for the due execution, delivery and performance of the Mortgage have been, and when issued and delivered in connection with the issuance of a series of Bonds covered by a Bond LC, each First Mortgage Bond will be, obtained or made and are in full force and effect.

(l) The Mortgage creates in favor of the Mortgage Trustees for the ratable benefit of the holders of each outstanding series of mortgage bonds issued under the Mortgage, including, when issued, the Trustee as holder of the First Mortgage Bond for the related series of Bonds, a legally valid and enforceable first priority security interest in the Mortgaged Property existing as of the date of issuance of such series of Bonds and constitutes a perfected security interest in all such Mortgaged Property, subject to (A) "permitted liens," as defined in the Mortgage, (B) the terms of the franchises, licenses, easements, leases, permits, contracts and other instruments under which the Mortgaged Property is held or operated, and (C) such other liens, prior rights and encumbrances none of which other liens, prior rights and encumbrances, with minor or insubstantial exceptions, affects from a legal standpoint the security for any First Mortgage Bond or the Borrower's right to use such properties in its business. The Mortgage conforms to the requirements of the Trust Indenture Act of 1939, as amended.

(m) The Borrower has good title to the Mortgaged Property, subject only to the exceptions set forth in the Mortgage and in paragraph (l) above, none of which materially impairs the use of the property affected thereby for the use intended in the operation of the business of the Borrower and except for defects in title or interest that would not, in the aggregate, have a material adverse effect on the value of the Mortgaged Property.

(n) Upon issuance thereof in connection with a series of Bonds covered by a Bond LC, the First Mortgage Bond will be a bond issued pursuant to, and entitled to the benefit of, the Mortgage and will be authenticated and delivered in accordance with the Mortgage.

(o) Upon issuance and delivery of the First Mortgage Bond to the Trustee in connection with the issuance of the related series of Bonds covered by a Bond LC and unless the related First Mortgage Bond has been released by the Trustee or the related First Mortgage Bond has been paid in full (A) such First Mortgage Bond will be outstanding (to the extent the related Bonds have not been redeemed), (B) the Trustee will be the holder of such First Mortgage Bond for all purposes under the Mortgage (unless such Trustee transfers such First Mortgage Bond) and (C) such First Mortgage Bond will rank pari passu with all other bonds and instruments issued pursuant to the Mortgage.

(p) The representations and warranties made by the Borrower in the Mortgage are true and correct in all material respects after giving effect to issuance of any Bond LC.

ARTICLE IV BOND LC COVENANTS OF THE BORROWER

SECTION 4.1 Affirmative Covenants. In addition to the covenants contained in Section 5.01(a) of the Credit Agreement, the Borrower agrees that so long as any amount payable by the Borrower hereunder remains unpaid, any Bond LC remains outstanding or the Commitments have not been irrevocably terminated, the Borrower will, unless the Majority Lenders shall otherwise consent in writing:

(a) Trustee; Official Statement; Remarketing; Substitute Bond LC; Remarketing Agent; Redemption of Bonds; Registration of Bonds.

(i) use the proceeds of the issuance of the Bonds for the purposes set forth in the related Indenture, but in no event for any purpose that would be contrary to Sections 3.1(d) or (e);

(ii) maintain in place a Trustee in accordance with the provisions of each Indenture. Without the prior written approval of the Administrative Agent (which approval shall not be unreasonably withheld), the Borrower will not appoint or permit or suffer to be appointed any successor Trustee; provided, however, that the foregoing shall not apply to an entity that succeeds to all or substantially all of the Trustee's corporate trust business as a result of a merger, sale of assets or other corporate reorganization;

(iii) not include, or permit to be included, any material or reference relating to any Lender in any Official Statement or any tombstone advertisement, unless such material or reference is approved in writing by such Lender prior to its inclusion therein; and will not distribute, or permit to be distributed or used, any Official Statement unless copies of such Official Statement are furnished to such Lender;

(iv) not suffer or permit the Remarketing Agent to remarket any Bonds covered by a Bond LC at a price less than the principal amount thereof plus accrued interest, if any, thereon to the respective dates of remarketing. Upon written notice from the Administrative Agent that any Remarketing Agent is failing to reprice or remarket the applicable Bonds in the manner contemplated by the Remarketing Agreement (including in the event at any time no person is serving as Remarketing Agent for any Bonds), the Borrower will take all appropriate action available to the Borrower to remedy such failure;

(v) not substitute another letter of credit for any Bond LC unless prior to or simultaneously with such substitution, there shall be repaid to the Lenders in full in cash all amounts owing hereunder with respect to such Bond LC and such Bond LC shall be cancelled;

(vi) maintain in place a Remarketing Agent in respect of each series of Bonds covered by a Bond LC in accordance with the provisions of the applicable Indenture. Without the prior written approval of the Majority Lenders (which approval shall not be unreasonably withheld), the Borrower will not appoint or permit or suffer to be appointed any successor Remarketing Agent;

(vii) use its reasonable best efforts to cause the Trustee, upon redemption or defeasance of all of a series of Bonds covered by a Bond LC pursuant to any Indenture, to

surrender the Bond LC issued in respect of such Bonds to the applicable LC Issuer for cancellation; and

(viii) cause all Bonds covered by a Bond LC which it acquires, or which it has had acquired for its account, to be registered forthwith in accordance with the applicable Indenture in the name of the Borrower or its nominee (the name of any such nominee to be disclosed to the Trustee and the Administrative Agent).

(b) Reporting Requirements. Furnish to the Lenders:

(i) a copy of any notice, certification, demand or other writing or communication given by the Issuer to the Borrower or by the Borrower to the Issuer under or in connection with a series of Bonds covered by a Bond LC or any of the Operative Documents with respect to such series of Bonds, in each case promptly after the receipt or giving of the same; and

(ii) promptly upon becoming aware thereof, notice of the failure by any Remarketing Agent or Trustee to perform any of its material obligations under the Remarketing Agreement or the Indenture relating to a series of Bonds covered by a Bond LC and copies of any notification delivered to or received by it with respect to a downgrade, withdrawal or suspension of the rating assigned by either Fitch, Moody's or S&P to a series of Bonds covered by a Bond LC.

SECTION 4.2 Negative Covenants. In addition to the covenants contained in Section 5.02 of the Credit Agreement, the Borrower agrees that so long as any amount payable by the Borrower hereunder remains unpaid, any Bond LC remains outstanding or the Commitments have not been irrevocably terminated, the Borrower will not, without the written consent of the Majority Lenders:

(a) Amendment of Agreements. Amend, modify, waive or terminate, or agree to amend, modify, waive or terminate, any Operative Document relating to a series of Bonds covered by a Bond LC or any term or condition thereunder that would in any way adversely affect the Lenders.

(b) Optional Redemption; Purchase. Permit the Issuer to (i) optionally redeem any Bonds of a series covered by a Bond LC (other than Pledged Bonds related to such series) issued under the applicable Indenture prior to redeeming Pledged Bonds for such series in full or (ii) purchase any Bonds of a series covered by a Bond LC in lieu of redemption..

ARTICLE V BOND LC EVENTS OF DEFAULT

SECTION 5.1 In addition to the "Events of Default" under the Credit Agreement, the occurrence and continuance of any of the following additional events shall be an "Event of Default":

(a) The Borrower shall fail to pay when due any amount paid by the Administrative Agent, any LC Issuer or any Lender under any Bond LC or any principal of any Tender Advance or shall fail to pay, within three Business Days of the due date thereof, any interest or any fees payable hereunder;

(b) Any representation or warranty made by the Borrower herein, in any Operative Document relating to any Bonds covered by a Bond LC or in any certificate, financial or other statement furnished by the Borrower (or any of its officers) pursuant to the terms of this

Supplement or such Operative Document shall prove to have been incorrect or misleading in any material respect when made;

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 4.1(a)(i) or (iii) or Section 4.2 or (ii) any other term, covenant or agreement on its part to be performed or observed contained in this Supplement or in any Operative Document to which it is a party relating to any Bonds covered by a Bond LC if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent (which notice shall be given by the Administrative Agent at the written request of any Lender);

(d) Any material provision of this Supplement or any Operative Document to which the Borrower is a party relating to any Bonds covered by a Bond LC shall at any time for any reason cease to be valid and binding on the Borrower or any Indenture relating to any Bonds covered by a Bond LC shall cease to be valid and binding on the Trustee and the Issuer, or any of such agreements shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Borrower or any governmental authority or regulatory body or the Borrower shall deny that it has any or further liability or obligation under this Supplement or any Operative Document to which the Borrower is a party relating to any Bonds covered by a Bond LC;

(e) the Liens created by the Control Agreements or the Pledge Agreement shall cease to create a Lien on the collateral described therein with the priority purported to be created thereby securing the obligations to the Administrative Agent and the Lenders; or

(f) The occurrence of an "event of default" under and as defined in the Indentures or any other Operative Document to which the Borrower is a party relating to any Bonds covered by a Bond LC.

SECTION 5.2 Remedies Upon an Event of Default. If any Event of Default shall have occurred and be continuing, then, and in any such event, the Administrative Agent may, and upon written instructions from the Majority Lenders, shall, (i) by notice to the Borrower declare all Tender Advances and all interest accrued thereon and all other amounts due hereunder immediately due and payable and, upon such declaration, the same shall become and be immediately due and payable (provided that, upon the occurrence of any Event of Default under Section 6.01(e) of the Credit Agreement, all such amounts shall automatically become and be immediately due and payable) without diligence, presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, (ii) give written notice to the Trustee as contemplated in the applicable Indenture that an Event of Default has occurred with directions for either a mandatory tender or acceleration of all Bonds covered by a Bond LC currently outstanding, (iii) by notice sent to the Borrower, require the immediate deposit of cash collateral in an amount equal to the Maximum Credit Amount for all Bond LCs and all unpaid Tender Advances, and the same shall thereupon become and be immediately due and payable by the Borrower; provided, however, that the Administrative Agent shall cause such cash collateral to be deposited in a separate account which shall not be debited to make any payment directly to a beneficiary of a Bond LC pursuant to a draw by such beneficiary under such Bond LC, and (iv) pursue all remedies available to it at law, by contract, at equity or otherwise, including all remedies under the Pledge Agreement and the Control Agreements. The Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders and any LC Issuer, a security interest in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in such cash

collateral account to secure the prompt and complete payment and performance of the Borrower's obligations hereunder (including, without limitation, any and all Bond LC Reimbursement Obligations and any other amounts as shall become due and payable by the Borrower to the Lenders or any LC Issuer under this Agreement, the Pledge Agreement or any Control Agreement), and the Administrative Agent may at any time or from time to time after funds are deposited in the such cash collateral account, apply such funds to the payment of any such obligations. All funds on deposit in any cash collateral account shall be invested as required in any tax exemption or arbitrage certificate and agreement among the Borrower, the Issuer and the Trustee applicable to each series of Bonds covered by a Bond LC (each, a "Tax Agreement"), with respect to the investment of Gross Proceeds (as defined in the applicable Tax Agreement).

ARTICLE VI BOND LC MISCELLANEOUS

SECTION 6.1 Amendments Relating to Bond LCs. In furtherance of the amendment provisions in Section 8.01 of the Credit Agreement, no amendment, waiver or consent shall, unless in writing and signed by all Lenders, do any of the following: (a) waive any of the conditions specified in Section 2.2, (b) release any of the Pledged Bonds except upon reimbursement for the drawings related to such Pledged Bonds or as otherwise provided in this Supplement or the Pledge Agreement or (c) amend, waive, supplement or otherwise modify this Section 6.1.

ARTICLE VII BOND LC ADDITIONAL DEFINITIONS

Each of the following terms shall have the meaning set forth below (each such meaning to be equally applicable to both the singular and plural forms of the term defined):

"Bond LC" means, with respect to a series of Bonds, each direct pay letter of credit issued hereunder in connection with such Bonds, in each case as amended or otherwise modified, and "Bond LCs" means all of them collectively.

"Bond LC Fee Letter" means a fee letter, if any, entered into between the Borrower and an LC Issuer in respect of the issuance of Bonds LCs.

"Bond LC Obligations" means, at any time, the sum, without duplication, of (a) the aggregate Maximum Credit Amount under all Bond LCs outstanding at such time, plus (b) the aggregate unpaid amount at such time of all Bond LC Reimbursement Obligations.

"Bond LC Reimbursement Obligations" means the obligations of the Borrower pursuant to Sections 1.1.6 and 1.1.9 of this Supplement and Sections 2.05 and 2.16 of the Credit Agreement with respect to each drawing under a Bond LC and each Tender Advance.

"Bonds" means, collectively, the $190,830,000 aggregate principal amount of Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) issued through the Issuer, consisting of: $50,000,000 Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008D, $49,830,000 Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008E and $91,000,000 Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008F (including any bonds issued through the Issuer to refund any such bonds).

"Control Agreements" means, collectively, the Securities Account Control Agreements by and among the Borrower, the Administrative Agent and the Trustee, as securities intermediary; and "Control

Agreement" means any of the foregoing as the context may require.

"Date of Issuance" means, with respect to each Bond LC for any Bonds, the date on which such Bond LC is issued.

"First Mortgage Bonds" means, collectively, one or more First Mortgage Bonds issued by the Borrower pursuant to a Loan Agreement for a series of Bonds covered by a Bond LC, which has been assigned to, and registered in the name of, the Trustee under the Indenture for such series of Bonds as collateral security for the payment of such series of Bonds; and "First Mortgage Bond" means any of the foregoing as the context may require.

"Indentures" means, collectively, the Bond Indentures between the Issuer and the Trustee, with respect to the Bonds covered by a Bond LC, in each case as amended, restated, supplemented or otherwise modified; and "Indenture" means any of the foregoing as the context may require.

"Issuer" means the Illinois Finance Authority, or any successor authority.

"Liquidity Drawing" shall have the meaning assigned to that term in the Bond LC.

"Loan Agreements" means, collectively, the Loan Agreements between the Issuer and the Borrower, with respect to the Bonds covered by a Bond LC; and "Loan Agreement" means any of the foregoing as the context may require.

"Maximum Credit Amount" means, in respect of the Bond LCs, the aggregate Stated Amount (as defined in the Bond LCs) of all such Bond LCs in effect at any time.

"Mortgage Trustees" means BNY Mellon Trust Company of Illinois (as successor to Harris Trust and Savings Bank) and D.G. Donovan, and any other successors thereto, as trustees under the Mortgage.

"Mortgaged Property" means all real and personal property of the Borrower from time to time subject to the lien of the Mortgage.

"Official Statement" means, with respect to a series of Bonds, the Official Statement executed in connection with such series of Bonds at the time of issuance thereof, as amended or supplemented, together with the documents incorporated therein by reference.

"Operative Documents" means, with respect to a series of Bonds, such Bonds and the related Indenture, the Supplemental Indenture (including the Mortgage), the First Mortgage Bond, the Loan Agreement, the Pledge Agreement, the Control Agreement, the Remarketing Agreement and each other operative document or instrument delivered in connection with the issuance, sale and securing of such series of Bonds.

"Pledge Agreement" means the Pledge Agreement dated as of May 9, 2008 between the Borrower and the Administrative Agent.

"Pledged Bonds" has the meaning assigned to that term in the Pledge Agreement.

"Remarketing Agent" means the Person appointed as the remarketing agent pursuant to the applicable Remarketing Agreement.

"Remarketing Agreements" means, collectively, the Remarketing Agreements executed by the

Borrower and the Remarketing Agents with respect to the Bonds covered by a Bond LC; and "Remarketing Agreement" means any of the foregoing as the context may require.

"Supplemental Indenture" means, with respect to a series of Bonds, the Supplemental Indenture which supplements the Mortgage to provide for the creation and issuance of the First Mortgage Bond securing such series of Bonds;

"Tender Advance" has the meaning assigned to that term in Section 1.1.6.

"Tender Agent" means, with respect to a series of Bonds, the tender agent at the time serving as such under the Indenture for such series of Bonds.

"Tender Draft" means a Liquidity Drawing under a Bond LC to pay the purchase price of a series of Bonds delivered or deemed delivered to the Trustee, the Tender Agent or the Remarketing Agent pursuant to the Indenture for such series and not remarketed by the Remarketing Agent for such series of Bonds on the date such Bonds are to be purchased.

"Trustee" means the trustee under the Indenture for a series of Bonds, which as of the date of this Agreement is The Bank of New York Mellon Trust Company, N.A.

ARTICLE VIII INCORPORATION INTO CREDIT AGREEMENT

All representations and warranties made under Article III of this Supplement shall be deemed to be representations and warranties made under Section 4.01 of the Credit Agreement and vice versa. All covenants made under Article IV of this Supplement shall be deemed to be covenants made under Article V of the Credit Agreement and vice versa. All Events of Default under Section 5.1 shall be deemed to be Events of Default under Section 6.01 of the Credit Agreement and vice versa.

EXHIBIT A

Form of Bond LC

IRREVOCABLE DIRECT PAY LETTER OF CREDIT

_____, 2008

U.S.$_____

Letter of Credit No. _____

The Bank of New York Mellon Trust Company,
N.A.,
as trustee
2 North LaSalle Street
Suite 1020
Chicago, Illinois 60602
Attention: Municipal Department

Ladies and Gentlemen:

At the request of Commonwealth Edison Company, a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois (the "Company"), JPMorgan Chase Bank, N.A. (the "Bank") hereby establishes in favor of The Bank of New York Mellon Trust Company, N.A., as Trustee and Tender Agent (collectively, the "Bond Trustee") acting for the benefit of the holders of the Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project), Series 2008[__] originally issued in the principal amount of $_____(the "Bonds"), pursuant to the Bond Indenture dated as of _____, 2008 between the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the "Issuer") and the Bond Trustee (as amended and supplemented from time to time in accordance with the terms thereof, being referred to herein as the "Bond Indenture"), this Irrevocable Direct Pay Letter of Credit (this "Letter of Credit") pursuant to a Credit Agreement dated as of _____, 2010 (as amended, restated or otherwise modified from time to time, the "Credit Agreement"), by and among the Company, the Bank, the other financial institutions party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent").

The Bank hereby irrevocably authorizes the Bond Trustee to draw on the Bank from time to time, from and after the date hereof to and including the earliest to occur of the following (the date of the earliest of such events described below to occur shall be the "Expiration Date"):

(i) the Bank's close of business on _____, 2009 (the "Scheduled Expiration Date"), or

(ii) the Bank's close of business on either (A) the date which is five Business Days (as hereinafter defined) following the conversion of all the Bonds to an Indexed Rate, a Term Rate, a Commercial Paper Rate or a Fixed Rate (as each such term is defined in the Bond Indenture) as such date is specified in a certificate in the form of Exhibit A hereto (the "Conversion Date"), or (B) if the Bank has honored the drawing relating to such conversion and the Letter of Credit is earlier returned by the Bond

Trustee to the Bank for cancellation in accordance with the Bond Indenture in connection with such conversion, then the date of such return, or

(iii) the Bank's close of business on the date which is (A) five (5) Business Days following receipt from the Bond Trustee of a certificate in the form set forth as Exhibit B hereto, or (B) if the Bank has honored the drawing relating to the event described in such certificate and if the event described in such certificate is an event in connection with which, in accordance with the Bond Indenture, the Letter of Credit is earlier returned by the Bond Trustee to the Bank for cancellation, then the date of such return, accompanied by receipt from the Bond Trustee of such certificate, or

(iv) the date on which an Acceleration Drawing is honored by the Bank, or

(v) the Bank's close of business on the date which is ten (10) calendar days after your receipt of written notice from us in the form set forth as Exhibit L hereto specifying the occurrence of an Event of Default under the Credit Agreement,

a maximum aggregate amount not exceeding [_____] DOLLARS AND 00/100 (U.S. $[_____]) (the "Original Stated Amount"; with such Original Stated Amount, and each amount to which the same may be permanently reduced in accordance herewith, being the "Stated Amount") to pay principal of and accrued interest on, or the purchase price of, the $[_____] outstanding principal amount of Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project), Series 2008[__] (the "Bonds"), which Bonds were issued pursuant to the Bond Indenture, in accordance with the terms hereof (said U.S. $[_____] having been initially calculated to be equal to U.S. $[_____], the principal amount of the Bonds outstanding as of the date hereof, plus U.S. $[_____] which is fifty-three (53) days' accrued interest on said principal amount of the Bonds calculated at an interest rate of twelve percent (12%) per annum calculated on the basis of actual days elapsed in a year of three hundred sixty five (365) days).

Payments hereunder are available against the following documents (the "Payment Documents") presented to the Bank at 300 South Riverside Plaza, Standby Letter of Credit Unit, Mail Code IL1-0236, Chicago, Il 60606-0236 as aforesaid, by Tested Telex (at: ITT420120 CMBUI), or by authenticated SWIFT (at: CHASUS33) or by telecopier (at telecopier number (312) 954-6163 or alternately to (312) 954-3140), Attention: Standby Service Unit, without further need of documentation, including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of drawing. You shall use your best efforts to give telephonic notice of a drawing to the Bank at its Chicago, IL Standby Service Unit, (at: (312) 954-1922 or alternately to 1-800-634-1969, Option 1) on the Business Day preceding the day of such drawing (but such notice shall not be a condition to drawing hereunder and you shall have no liability for not doing so) (or such other office or offices or number or numbers as we may from time to time specify to you in writing):

(i) a certificate in the form attached as Exhibit C hereto to pay accrued interest on the Bonds as provided for under Section 5.02 of the Bond Indenture (an "Interest Drawing"),

(ii) a certificate in the form attached as Exhibit D hereto to pay the principal amount of and, in the event the redemption date (or date of purchase in lieu of redemption) does not coincide with the regularly scheduled interest payment date for the Bonds, accrued interest on the

Bonds in respect of any redemption (or purchase in lieu of redemption as provided for in Section 4.01(D) of the Bond Indenture) of the Bonds as provided for in Section 5.04 of the Bond Indenture (a "Redemption Drawing"),

(iii) a certificate in the form attached as Exhibit E hereto, to pay the tender price of Bonds for which you have received a notice from the Remarketing Agent of a nonremarketing, or for which you have not timely received actual remarketing proceeds on the Purchase Date or Mandatory Purchase Date (as such terms are defined in the Bond Indenture), as the case may be, as provided for in Section 4.12(C)(4) of the Bond Indenture (a "Liquidity Drawing"),

(iv) a certificate in the form attached as Exhibit F hereto, to pay the principal of and accrued interest in respect of any Bonds the payment of which has been accelerated pursuant to Section 7.02 of the Bond Indenture (an "Acceleration Drawing"), or

(v) a certificate in the form attached as Exhibit G hereto to pay the principal amount of the Bonds on the date specified in such Bonds as the date on which the principal of such Bonds is due and payable as provided for under Section 5.03 of the Bond Indenture (a "Stated Maturity Drawing");

each such certificate to state therein that it is given by your duly authorized officer and dated the date such certificate is presented hereunder.

No drawings shall be made under this Letter of Credit for the purpose of making payments on Pledged Bonds (as such term is defined in the Credit Agreement) or Bonds bearing interest at an Indexed Rate, a Term Rate, a Commercial Paper Rate or a Fixed Rate (as each such term is defined in the Bond Indenture).

The aforesaid certificates shall have all blanks appropriately filled in and shall be signed by an authorized signatory of the Bond Trustee and the aforesaid certificates shall be either in the form of a letter on the letterhead of the Bond Trustee or a communication by telecopy delivered or transmitted to the Bank.

The Bank hereby agrees with the Bond Trustee that all demands for payment made under and in strict conformity with the terms of this Letter of Credit will be duly honored upon delivery of transmission of the appropriate drawing certificate or certificates as specified herein and if presented at the aforesaid office on or before the expiration or termination date hereof. If a demand for payment is made hereunder at or prior to 11:00 a.m. (or, in the case of a Liquidity Drawing in respect of Bonds in a Daily Mode, 12:00 noon), New York City time, on a business day, and provided that such demand for payment conforms to the terms and conditions hereof, payment shall be made on the amount specified in immediately available funds, no later than 2:00 p.m., New York City time, on the same business day. If such demand for payment is made hereunder after 11:00 a.m. (or, in the case of a Liquidity Drawing in respect of Bonds in a Daily Mode, 12:00 noon), New York City time, on a business day, and provided that such demand for payment conforms to the terms and conditions hereof, payment shall be made of the amount specified in immediately available funds, no later than 12:00 noon, New York City time on the next succeeding business day. Payment under this Letter of Credit shall be made by wire transfer of

immediately available funds to the Bond Trustee, The Bank of New York, ABA 021000018, Acct. No. 111-565, Further Credit: TAS 109658, Ref: IFA ComEd08F, telephone number: (312) 827-8529, telecopier number: (312) 827-8522, Attention: Daniel Marroquin. Such account, telephone number and telecopier number may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account, telephone number or telecopier number, as the case may be, of the Bond Trustee and executed by the Bond Trustee. If a demand for payment is not effected in conformity with this Letter of Credit, the Bank shall notify the Bond Trustee to that effect by telecopy, with telephone confirmation to such telephone numbers designated by the Bond Trustee to the Bank, and the Bond Trustee may attempt to correct any such nonconforming demand for payment to the extent that the Bond Trustee is entitled to do so. As used in this Letter of Credit, "business day" shall mean any day which is not (i) a Saturday or Sunday, (ii) any day on which commercial banks located in the city or cities in which the designated corporate trust office of the Bond Trustee, the principal office of the Remarketing Agent (as defined in the Bond Indenture) or the office of the Bank at which demands for draws on this Letter of Credit are authorized by law to close and are closed or (iii) any day on which The New York Stock Exchange is closed.

The "Stated Amount" of this Letter of Credit shall be automatically and permanently reduced from time to time as of the next business day following the date of our receipt of a certificate of the Bond Trustee in the form of Exhibit H hereto (appropriately completed) to the amount specified in such certificate as the amount to which the Stated Amount is to be so reduced. Also, upon receipt by the Bank of a Certificate of the Bond Trustee in the form of Exhibit D to the Letter of Credit in connection with a Redemption Drawing, the Bank will automatically and permanently reduce the Stated Amount by the amount (if any) specified in such certificate as a decline in the amount of necessary excess interest coverage resulting from the partial redemption of Bonds effected through such Redemption Drawing (and taking into account the non-reinstatement, as described in the next succeeding paragraph, of that portion of any Interest Drawing which may have been effected to pay interest on Bonds being redeemed through such Redemption Drawing). Upon any such permanent reduction of the Stated Amount of this Letter of Credit, the Bank may deliver to the Bond Trustee a substitute letter of credit in exchange for this Letter of Credit or an amendment to this Letter of Credit in the form of Exhibit I hereto (appropriately completed) to reflect any such reduction. If the Bank delivers to the Bond Trustee such a substitute letter of credit, the Bond Trustee shall simultaneously surrender to the Bank for cancellation the Letter of Credit then in its possession.

The amount available to be drawn hereunder at any particular time (the "Available Amount" of this Letter of Credit) shall be the Stated Amount from time to time (i) less the amount of all reductions (as provided for below) pursuant to Interest, Redemption, Liquidity, Acceleration or Stated Maturity Drawings occurring since the later of the date hereof and the effective date of the last reduction in the Stated Amount, and (ii) plus the amount of all reinstatements as below provided, likewise occurring since the later of the date hereof and the effective date of the last reduction in the Stated Amount.

The Available Amount of this Letter of Credit will be reduced automatically by the amount of any drawing hereunder; provided, however, that the amount of any Interest Drawing hereunder shall be automatically reinstated effective the opening of business on the eleventh (11th) calendar day after the date the Bank honors such drawing, unless the Bond Trustee shall have received written notice from the Bank (which notice may be by facsimile transmission) within ten (10) calendar days after the date the Bank honors such drawing that an Event of Default has occurred under the Credit Agreement and directing either an acceleration of the maturity of the Bonds or a mandatory tender of the Bonds; and provided further, however, that the portion of any Interest Drawing (as indicated on the related certificate in the form of Exhibit C) made to pay interest on Bonds being concurrently redeemed through a Redemption Drawing shall not be so reinstated. Also, to the extent the Available Amount is reduced as

contemplated in the preceding sentence due to payment by the Bank of a Liquidity Drawing, the Available Amount will be automatically reinstated, upon receipt by the Bank of Exhibit M, concurrently with the receipt by the Bank, or the Bond Trustee on behalf of the Bank, of the purchase price of Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, and which have been remarketed pursuant to the Bond Indenture, such reinstatement to be in an amount equal to the Original Purchase Price of such Bonds (or portions thereof) as have been remarketed. "Original Purchase Price" shall mean the principal amount of any Bond purchased with the proceeds of a Liquidity Drawing plus the amount of accrued interest thereon paid upon the purchase of such Bond with the proceeds of any such drawing.

Prior to the Expiration Date, the Bank may (but is not obligated to) extend the Scheduled Expiration Date from time to time at the request of the Company by delivering to the Bond Trustee an amendment to this Letter of Credit in the form of Exhibit K hereto designating the date to which the Scheduled Expiration Date is being extended. Each reference to the Scheduled Expiration Date herein and in any other document shall be deemed to be references to the date designated as the new Scheduled Expiration Date in such notice. Any date to which the Scheduled Expiration Date has been extended as herein provided may itself be extended in a like manner.

Upon the Expiration Date this Letter of Credit shall automatically terminate, and the Bond Trustee agrees to promptly deliver the same to the Bank for cancellation.

This Letter of Credit is transferable in whole only to any successor as Bond Trustee and may not be transferred under any other circumstances. Any such transfer (including any successive transfer) shall be effective upon receipt by the Bank of a signed copy of the instrument effecting each such transfer signed by the transferor and by the transferee in the form of Exhibit J hereto (which shall be conclusive evidence of such transfer), and, in such case, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; provided that, in such case, any certificates of the Bond Trustee to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer or agent of the transferee.

This Letter of Credit may not be transferred to any person with which U.S. persons are prohibited from doing business under U.S. Foreign Assets Control Regulations or other applicable U.S. laws and regulations.

Communications with respect to this Letter of Credit shall be addressed to us at the address of the Bank above, specifically referring to the number of this Letter of Credit (or such other address, person or department as we may from time to time specify to you in writing).

This Letter of Credit is issued subject to the International Standby Practices 1998 ("ISP98"). This Letter of Credit shall be deemed to be issued under the laws of the State of Illinois and shall, as to matters not governed by ISP98, be governed by and construed in accordance with the laws of such State.

All payments made by the Bank hereunder shall be made from its own funds; in no event shall such payment be made with funds obtained from the Company.

This Letter of Credit sets forth in full the terms of the Bank's undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

JPMORGAN CHASE BANK, N.A.

By: _____
Title:

EXHIBIT A
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

NOTICE OF CONVERSION DATE

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

Reference is hereby made to that certain Letter of Credit No. _____ dated _____ 20__ (the "Letter of Credit"), which has been established on behalf of Commonwealth Edison Company in favor of The Bank of New York Mellon Trust Company, N.A., as Bond Trustee under the Bond Indenture.

The undersigned hereby certifies and confirms that the Bonds have been converted to a/an [Indexed Rate] [Term Rate] [Commercial Paper Rate] [Fixed Rate]* on [insert date] and, accordingly, said Letter of Credit shall terminate five business days following such date in accordance with its terms. All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

The Bank of New York Mellon Trust Company, N.A.,

as Bond Trustee

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

*insert appropriate statement

EXHIBIT B
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

NOTICE OF TERMINATION

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

Reference is hereby made to that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"), which has been established in our favor, as trustee for the Bonds (as defined in the Letter of Credit).

The undersigned hereby certifies and confirms that [no Bonds (as defined in the Letter of Credit) remain Outstanding within the meaning of the Bond Indenture (as defined in said Letter of Credit)] [all drawings required to be made under the Bond Indenture and available under the Letter of Credit have been made and honored] [a Substitute Credit Facility (as such term is defined in the Bond Indenture) has been delivered to the Bond Trustee to replace the Letter of Credit in accordance with the Bond Indenture and such Substitute Credit Facility is in effect] [the Bond Trustee is required to terminate the Letter of Credit in accordance with the terms of the Bond Indenture]* and, accordingly, said Letter of Credit shall be terminated in accordance with its terms.

The Bank of New York Mellon Trust Company, N.A.,

as Bond Trustee

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

*insert appropriate statement

EXHIBIT C
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

INTEREST DRAWING CERTIFICATE

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

The undersigned individual, a duly authorized officer of The Bank of New York Mellon Trust Company, N.A. (the "Beneficiary"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"), issued by JPMorgan Chase Bank, N.A. in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Bond Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Bond Indenture.

2. The Beneficiary is entitled to make this drawing in the amount of $_____ under the Letter of Credit pursuant to the Bond Indenture with respect to the payment of interest due on all Bonds outstanding on the Interest Payment Date occurring on [insert applicable date] (the "Payment Date") other than Pledged Bonds (as such term is defined in the Credit Agreement) or Bonds bearing interest at an Indexed Rate, a Term Rate, a Commercial Paper Rate or a Fixed Rate (as each such term is defined in the Bond Indenture).

3. The amount of the drawing is equal to the amount required to be drawn by the Beneficiary pursuant to Section 5.02 of the Bond Indenture.

4. The amount of the drawing made by this Certificate was computed in compliance with the terms of the Bond Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit) of the Letter of Credit as presently in effect.

5. $_____ of the amount of the drawing made by this Certificate is to be applied to the payment of interest due on a portion of the outstanding Bonds being redeemed pursuant to a concurrent Redemption Drawing, the redemption date of which coincides with the Interest Payment Date

referred to in paragraph (2) above.*

*To be included in Certificate only if applicable in the circumstances described.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of _____, _____.

The Bank of New York Mellon Trust Company, N.A.,

as Bond Trustee

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

EXHIBIT D
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

REDEMPTION DRAWING CERTIFICATE

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

The undersigned individual, a duly authorized officer of The Bank of New York Mellon Trust Company, N.A. (the "Beneficiary"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"), issued by JPMorgan Chase Bank, N.A. in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Bond Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Bond Indenture.

2. The Beneficiary is entitled to make this drawing in the amount of $_____ under the Letter of Credit pursuant to Section 5.04 of the Bond Indenture.

3. (a) The amount of this drawing is equal to (i) the principal amount of Bonds other than Pledged Bonds (as such term is defined in the Credit Agreement) or Bonds bearing interest at an Indexed Rate, a Term Rate, a Commercial Paper Rate or a Fixed Rate (as each such term is defined in the Bond Indenture) to be redeemed (or purchased in lieu of redemption as provided for in Section 4.01(D) of the Bond Indenture) by or on behalf of the Company pursuant to Section 4.01 of the Bond Indenture on [insert applicable date] (the "Redemption Date"), plus (ii) in the event such date does not coincide with a regularly scheduled Interest Payment Date, interest accrued on such Bonds from the immediately preceding Interest Payment Date (as defined in the Bond Indenture) to the Redemption Date.

(b) Of the amount stated in paragraph 2 above:

(i) $_____ is demanded in respect of the principal amount of the Bonds referred to in subparagraph (a) above; and

(ii) $_____ is demanded in respect of accrued interest on such Bonds.

4. The amount of the drawing made by this Certificate was computed in compliance with the terms and conditions of the Bond Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount of the Letter of Credit.

5. The Bank is hereby instructed following the honor of this drawing, and in accordance with the terms of the Letter of Credit, to permanently reduce the amount otherwise available for drawing under the Letter of Credit by $_____ [insert applicable amount] which amount represents the amount of excess interest coverage under the Letter of Credit (computed in respect of the outstanding principal amount of the Bonds at an assumed interest rate of ___ percent (__%) per annum for a period of ___ days) no longer necessary as a result of the redemption (or purchase in lieu of redemption) of Bonds with the proceeds of the drawing made by this Certificate, and, if applicable, taking into account any permanent reduction in the Available Amount occasioned by the payment of accrued interest on such redeemed (or purchased in lieu of redemption) Bonds through an Interest Drawing (as defined in the Letter of Credit) and not through the drawing effected by this Certificate.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of _____, _____.

The Bank of New York Mellon Trust Company, N.A.,

as Bond Trustee

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

EXHIBIT E
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

LIQUIDITY DRAWING CERTIFICATE

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

The undersigned individual, a duly authorized officer of The Bank of New York Mellon Trust Company, N.A. (the "Beneficiary"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"), issued by JPMorgan Chase Bank, N.A. in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Bond Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Bond Indenture.

2. The Beneficiary is entitled to make this drawing under the Letter of Credit in the amount of $_____ with respect to Bonds tendered pursuant to Section [4.06][4.08][4.10]* of the Bond Indenture, [which the Beneficiary has been informed were not remarketed][remarketing proceeds for which were not timely received by the Bond Trustee]**on [insert applicable date] (the "Purchase Date").

3. (a) The amount of the drawing is equal to (i) the principal amount of Bonds, other than Pledged Bonds (as defined in the Credit Agreement) or Bonds bearing interest at an Indexed Rate, a Commercial Paper Rate, a Term Rate or a Fixed Rate (as each such term is defined in the Bond Indenture), for which [the Bond Trustee has received a notice from the Remarketing Agent of a nonremarketing][the Bond Trustee has not timely received actual remarketing proceeds on the Purchase Date]***as provided for in Section 4.12(C)(4) of the Bond Indenture, plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date to the Purchase Date.

(b) Of the amount stated in paragraph (2) above:

(i) $_____ is demanded in respect of the principal portion of the purchase price of the Bonds referred to in subparagraph (2) above; and

---

* insert appropriate section

**insert appropriate statement

***insert appropriate statement

(ii) $_____ is demanded in respect of payment of the interest portion of the purchase price of such Bonds.

4. The amount of the drawing made by this Certificate was computed in compliance with the terms and conditions of the Bond Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount of the Letter of Credit as presently in effect.

5. The Beneficiary will register or cause to be registered in the name of the Company, but with the Administrative Agent registered as pledgee, upon payment of the amount drawn hereunder, Bonds in the principal amount of the Bonds being purchased with the amounts drawn hereunder and will deliver such Bonds to the Bond Trustee; provided, however, if The Depository Trust Company or its nominee, or a similar securities depository, is the registered owner of all Bonds, the Beneficiary acknowledges that it will cause the security interest of the Administrative Agent to be recorded by such depository on its books or, if the Beneficiary is a participant with respect to such depository, on its own books.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of _____, _____.

The Bank of New York Mellon Trust Company, N.A.,

as Bond Trustee

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

EXHIBIT F
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

ACCELERATION DRAWING CERTIFICATE

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

The undersigned individual, a duly authorized officer of The Bank of New York Mellon Trust Company, N.A. (the "Beneficiary"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"), issued by JPMorgan Chase Bank, N.A. in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Bond Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Bond Indenture.

2. An Event of Default has occurred under subsection [insert subsection] of Section 7.01 of the Bond Indenture, and the Bond Trustee has declared the principal of and accrued interest on all Bonds then outstanding immediately due and payable. The Beneficiary is entitled to make this drawing in the amount of $_____ under the Letter of Credit pursuant to Section 7.02 of the Bond Indenture.

3. (a) The amount of this drawing is equal to (i) the principal amount of Bonds, other than Pledged Bonds (as such term is defined in the Credit Agreement) or Bonds bearing interest at an Indexed Rate, a Term Rate, a Commercial Paper Rate or a Fixed Rate (as each such term is defined in the Bond Indenture), outstanding on [insert date of acceleration] (the "Acceleration Date") plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date to the Acceleration Date.

(b) Of the amount stated in paragraph 2 above:

(i) $_____ is demanded in respect of the principal of the Bonds referred to in subparagraph (a) above; and

(ii) $_____ is demanded in respect of accrued interest on such Bonds.

4. The amount of the drawing made by this Certificate was computed in compliance with the terms and conditions of the Bond Indenture and does not exceed the Available Amount of the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of _____, _____.

The Bank of New York Mellon Trust Company, N.A.,

as Bond Trustee

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

EXHIBIT G
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

STATED MATURITY DRAWING CERTIFICATE

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

The undersigned individual, a duly authorized officer of The Bank of New York Mellon Trust Company, N.A. (the "Beneficiary"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"), issued by JPMorgan Chase Bank, N.A. in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Bond Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Bond Indenture.

2. The Beneficiary is entitled to make this drawing in the amount of $_____ under the Letter of Credit pursuant to Section 5.03 of the Bond Indenture. The amount of this drawing is equal to the principal amount of Bonds with a Maturity Date (as such term is defined in the Letter of Credit) on [insert date], other than Pledged Bonds (as defined in the Credit Agreement) or Bonds bearing interest at an Indexed Rate, a Term Rate, a Commercial Paper Rate or a Fixed Rate (as each such term is defined in the Bond Indenture).

3. The amount of this drawing made by this Certificate was computed in compliance with the terms and conditions of the Bond Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount of the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of _____, _____.

The Bank of New York Mellon Trust Company, N.A.,

as Bond Trustee

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

EXHIBIT H
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

REDUCTION CERTIFICATE

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

The undersigned individual, a duly authorized officer of The Bank of New York Mellon Trust Company, N.A. (the "Beneficiary"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"), issued by JPMorgan Chase Bank, N.A. (the "Bank") in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Bond Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Bond Indenture.

2. Upon receipt by the Bank of this Certificate, the Stated Amount (as defined in the Letter of Credit) shall be reduced by $_____, and the Stated Amount shall thereupon equal $_____, all in accordance with the provisions of the Bond Indenture.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of _____, _____.

The Bank of New York Mellon Trust Company, N.A.,

as Bond Trustee

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

EXHIBIT I
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

NOTICE OF AMENDMENT

The Bank of New York Mellon Trust Company, N.A.
2 North LaSalle Street
Suite 1020
Chicago, Illinois 60602
Attention: Municipal Department

Dear Sirs:

Reference is hereby made to that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit and that certain Letter of Credit and Credit Agreement dated as of _____, 2010, as amended, restated, supplemented or otherwise modified, by and among Commonwealth Edison Company, us, the other financial institutions party thereto and JPMorgan Chase Bank, N.A., as administrative agent, the Stated Amount of the Letter of Credit has been reduced to $_____.

This letter should be attached to the Letter of Credit and made a part thereof.

JPMORGAN CHASE BANK, N.A.

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

EXHIBIT J
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

TRANSFER CERTIFICATE

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

Dear Sirs:

Reference is made to that certain Letter of Credit No. _____ dated _____, 20__ which has been established by the Bank in favor of the Bank of New York Mellon Trust Company, N.A.

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit ("Credit") in its entirety to:

NAME OF TRANSFEREE _____
(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE _____

CITY, STATE/COUNTRY ZIP _____

In accordance with ISP98, Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned Transferor requests that you notify the Transferee of this Credit in such form and manner as you deem appropriate, and the terms and conditions of the Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of this transferred Credit and these instructions.

Transferor represents and warrants to Transferring Bank that (i) our execution, delivery, and performance

of this request to Transfer (a) are within our powers (b) have been duly authorized (c) constitute our legal, valid, binding and enforceable obligation (d) do not contravene any charter provision, by-law, resolution, contract, or other undertaking binding on or affecting us or any of our properties (e) do not require any notice, filing or other action to, with, or by any governmental authority (f) the enclosed Credit is original and complete, (g) there is no outstanding demand or request for payment or transfer under the Credit affecting the rights to be transferred, (h) the Transferee's name and address are correct and complete and the Transferee's use of the Credit as transferred and the transactions underlying the Credit and the requested Transfer do not violate any applicable United States or other law, rule or regulation.

The Effective Date shall be the date hereafter on which Transferring Bank effects the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

This Request is made subject to ISP98 and is subject to and shall be governed by Article 5 of the Uniform Commercial Code of the State of , without regard to principles of conflict of laws.

Sincerely yours,

_____
(Print Name of Transferor)

_____
(Transferor's Authorized Signature)

_____
(Print Authorized Signers Name and Title)

_____
(Telephone Number/Fax Number)

Acknowledged:

_____
(Print Name of Transferee)

_____
(Transferee's Authorized Signature)

_____
(Print Authorized Signers Name and Title)

_____
(Telephone Number/Fax Number)

EXHIBIT K
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

NOTICE OF AMENDMENT

The Bank of New York Mellon Trust Company, N.A.
2 North LaSalle Street
Suite 1020
Chicago, Illinois 60602
Attention: Municipal Department

Dear Sirs:

Reference is hereby made to that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit and that certain Credit Agreement dated as of _____, 2010, as amended, restated, supplemented or otherwise modified, by and among Commonwealth Edison Company, us, the other financial institutions party thereto and JPMorgan Chase Bank, N.A., as administrative agent, the Scheduled Expiration Date of the Letter of Credit has been extended to _____, _____.

This letter should be attached to the Letter of Credit and made a part thereof.

JPMORGAN CHASE BANK, N.A.

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

EXHIBIT L
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

EVENT OF DEFAULT NOTICE

The Bank of New York Mellon Trust Company, N.A.
2 North LaSalle Street
Suite 1020
Chicago, Illinois 60602
Attention: Municipal Department

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Dear Sirs:

Reference is hereby made to that certain Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"; any other defined terms used herein having their respective meanings set forth in the Letter of Credit), established by the Bank in your favor as Beneficiary. We hereby notify you that [an Event of Default under the terms of the Credit Agreement has occurred] [an Event of Default under the terms of the Credit Agreement has occurred and the Letter of Credit will not be reinstated]*. Accordingly, the Letter of Credit shall terminate ten (10) days after your receipt of this notice.

We hereby direct you [to cause pursuant to Section 4.10 of the Bond Indenture the mandatory tender of all Bonds (other than Pledged Bonds (as such term is defined in the Credit Agreement) or Bonds bearing interest at an Indexed Rate, a Term Rate, a Commercial Paper Rate or a Fixed Rate) currently outstanding] [to cause pursuant to Section 7.02 of the Bond Indenture the acceleration of all Bonds (other than Pledged Bonds or Bonds bearing interest at an Indexed Rate, a Term Rate, a Commercial Paper Rate or a Fixed Rate) currently outstanding]*.

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: _____
[Title of Authorized Officer]

*select one of the bracketed clauses

*select one of the bracketed clauses

EXHIBIT M
to
LETTER OF CREDIT

_____, __

Letter of Credit No. _____

CERTIFICATE FOR REINSTATEMENT OF LIQUIDITY DRAWING

JPMorgan Chase Bank, N.A.
300 South Riverside Plaza
Mail Code IL1-0236
Chicago, IL 60606-0236

Attn: Standby Letter of Credit Unit

The undersigned hereby CERTIFIES to JPMorgan Chase Bank, N.A. (the "Bank") with reference to the Bank's Letter of Credit No. _____ dated _____, 20__ (the "Letter of Credit"; the terms "Bond Indenture" and "Bonds" used herein having their respective meanings set forth in the Letter of Credit) that:

1. The undersigned is the Bond Trustee under the Bond Indenture.

2. In accordance with the provisions of the Bond Indenture, the Bond Trustee has demanded and received payment under the Letter of Credit in the amount of $_____, which amount the Bond Trustee has used solely to pay the purchase price of Bonds tendered or deemed tendered to the Bond Trustee for purchase in accordance with Section [specify section] of the Bond Indenture.

3. Such Bonds, so purchased by the Bond Trustee have been successfully remarketed and therefore the Letter of Credit must be reinstated by $_____ to a new balance of $_____.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate this ____ day of _____, _____.

The Bank of New York Mellon Trust Company, N.A.,

as Bond Trustee

By: _____
[Title of Authorized Officer]

cc: JPMorgan Chase Bank, N.A.,
as Administrative Agent
1111 Fannin Street, 10th Floor
Houston, Texas 77002
Attention: Rebecca Camarena

Commonwealth Edison Company
Embedded Cost of Long-term Debt Work Papers
3/31/2010

Line No.	(A) Debt, Issue Type Coupon Rate[1,2]		(B) Date Reacquired	(C) Amortization Period End Date	(D) Principal of Debt Reacquired	(E) Call Premium	(F) Net Gain or (Net Loss)	(G) Balance as of 3/31/10	(H) Monthly Amortization	(I) *(I)=(H)x12* Annual Amortization
1	**Unamortized Loss on Reacquired Debt**									
2	**First Mortgage Bonds**									
3	14.250%	Series 46	11/24/87	04/15/15	$ 100,000,000	$ 3,820,000	$ (4,690,683)	$ 126,803	$ (2,096)	$ (25,152)
4	15.375%	Series 47	11/24/87	04/15/15	100,000,000	12,410,000	(13,618,887)	368,162	6,086	73,026
5	13.000%	Series 48	03/22/88	04/15/13	150,000,000	14,760,000	(17,231,562)	448,757	(12,295)	(147,543)
6	17.500%	Series 44	05/24/88	04/15/13	47,315,000	2,122,000	(2,161,698)	34,100	(564)	(6,764)
7	12.250%	Series 50	11/21/88	04/15/15	100,000,000	3,500,000	(3,839,210)	62,379	(1,031)	(12,374)
8	13.375%	Series 51	11/21/88	04/15/15	83,650,000	8,802,000	(9,670,777)	157,132	(2,597)	(31,167)
9	12.000%	Series 66	03/23/93	04/15/15	100,000,000	9,000,000	(9,791,995)	644,319	(10,650)	(127,803)
10	11.125%	Series 71	05/01/93	04/15/15	125,000,000	9,612,500	(11,593,775)	765,581	(12,655)	(151,856)
11	10.500%	Series 56	05/27/93	04/15/15	150,000,000	9,750,000	(11,536,825)	768,572	(12,704)	(152,449)
12	10.250%	Series 67	06/07/93	04/15/13	200,000,000	14,260,000	(17,087,634)	538,881	(14,765)	(177,183)
13	8.750%	Series 30	08/12/93	07/01/13	125,000,000	4,400,000	(4,656,080)	94,668	(2,427)	(29,129)
14	9.125%	Series 38	08/12/93	07/01/13	250,000,000	10,825,000	(12,880,562)	261,890	(6,715)	(80,582)
15	9.625%	Series 60	09/01/93	08/15/10	150,000,000	8,160,000	(10,825,027)	119,350	(26,546)	(318,550)
16	10.375%	1985	12/14/94	03/01/20	30,000,000	600,000	(1,615,843)	131,464	(1,105)	(13,254)
17	10.625%	1985	12/14/94	03/01/20	111,000,000	2,200,000	(6,825,849)	99,903	(839)	(10,071)
18	10.625%	1985	12/14/94	03/01/17				574,223	(6,917)	(82,999)
19										
20	9.875%	Series 75	11/21/01	03/15/12	195,829,000	39,464,320	(22,887,616)	3,363,797	(143,170)	(1,718,034)
21	8.375%	Series 86	09/16/02	02/01/33		3,425,000		2,689,344	(9,812)	(117,744)
22	7.625%	Series 92	02/28/02	03/15/12	1,500,000	229,665	(251,684)	36,960	(1,573)	(18,878)
23	7.625%	Series 92	08/25/04	04/15/13	65,000,000	14,872,650	(17,067,050)	6,008,632	(164,540)	(1,974,476)
24	7.625%	Series 92	10/15/04	04/15/13	25,000,000	5,676,250	(6,504,261)	2,327,518	(63,736)	(764,837)
25	7.625%	Series 92	11/26/04	04/15/13	3,500,000	753,515	(868,270)	314,965	(8,625)	(103,501)
26	7.500%	Series 94	02/28/02	03/15/12	3,000,000	434,580	(506,548)	74,388	(3,166)	(37,993)
27	7.500%	Series 94	08/25/04	07/01/13	20,000,000	4,486,200	(5,012,259)	1,841,991	(47,171)	(566,050)
28	7.500%	Series 94C	08/26/04	01/15/14	3,000,000	410,160	(611,534)	247,136	(5,425)	(65,095)
29	8.625%	Series 81	03/27/02	03/15/12	200,000,000	7,680,000	(7,521,684)	1,104,585	(47,013)	(564,155)
30	8.500%	Series 84	07/15/02	03/15/12	200,000,000	7,830,000	(9,146,102)	1,386,207	(58,996)	(707,956)
31	8.375%	Series 88	03/18/03	04/15/15	235,950,000	9,114,749	(12,244,541)	3,386,083	(55,970)	(671,642)
32	8.000%	Series 91	04/15/03	04/15/15	160,000,000	5,862,400	(11,858,267)	3,279,264	(54,205)	(650,454)
33	7.750%	Series 97	10/07/03	08/15/10	150,000,000	5,647,500	(13,929,493)	647,713	(144,051)	(1,728,616)
34	6.150%	Series 98	08/06/04	03/15/12	100,000,000	10,458,000	(17,062,796)	4,390,077	(186,823)	(2,241,872)
35	6.150%	Series 98	08/25/04	03/15/12	50,000,000	6,358,500	(9,660,835)	2,502,751	(106,506)	(1,278,073)
36	5.875%	Series 100	07/27/04	02/01/33	11,400,000	(185,592)	(788,382)	631,457	(2,302)	(27,627)
37	5.875%	Series 100	08/06/04	02/01/33	40,000,000	866,000	(4,283,438)	3,434,137	(12,521)	(150,246)
38	5.875%	Series 100	08/25/04	02/01/33	45,000,000	2,611,350	(6,455,972)	5,185,383	(18,905)	(226,863)
39	4.700%	Series 101	08/06/04	04/15/15	85,000,000	(499,800)	(8,553,071)	4,032,801	(66,638)	(799,660)
40	4.700%	Series 101	08/25/04	04/15/15	50,000,000	793,000	(6,118,209)	2,898,868	(47,901)	(574,812)
41	4.740%	Series 102	08/25/04	08/15/10	35,000,000	1,495,550	(2,950,995)	185,030	(41,155)	(493,862)
42	4.740%	Series 102	11/23/04	08/15/10	3,000,000	108,270	(227,854)	14,900	(3,315)	(39,774)
43										
44	**Interest Rate Swap Settlement[3]**			03/15/12			8,862,150	1,301,628	(55,388)	(664,656)
45	**Interest Rate Swap Settlement[3]**			03/15/12			1,403,000	211,350	(8,994)	(107,928)
46	**Interest Rate Swap Settlement[3]**			02/01/33			21,539,444	11,862,083	(43,292)	(519,504)
47	**Interest Rate Swap Settlement[3]**			04/15/15			8,249,000	2,273,344	(37,576)	(450,912)
48										
49	**Sinking Fund Debentures**									
50	10.000%	Series 4	04/01/92	03/15/12	120,000,000	3,789,600	(3,981,788)	79,938	(3,402)	(40,824)
51	**Subordinated Deferrable Interest Notes and Senior Notes**									
52	8.480%		03/20/03	03/15/33	206,190,000	-	(20,228,911)	15,480,699	(56,191)	(674,297)
53	6.950%		08/06/04	07/15/18	60,000,000	11,509,200	(16,568,486)	9,853,710	(98,990)	(1,187,880)
54	6.950%		08/25/04	07/15/18	25,000,000	5,516,000	(7,624,035)	4,551,197	(45,721)	(548,654)
55	**Pollution Control Obligations**									
56	11.750%	Joliet 1981	08/01/91	04/15/13	25,000,000	750,000	(1,424,316)	64,925	(1,779)	(21,346)
57	11.750%	Pekin 1981	08/01/91	04/15/13	25,000,000	750,000	(1,447,131)	65,966	(1,807)	(21,688)
58	11.500%	Waukegan 1981	08/01/91	04/15/13	10,000,000	300,000	(458,856)	20,916	(573)	(6,877)
59	10.125%	IEFFA 1980	09/03/91	04/15/13	15,000,000	375,000	(563,470)	25,801	707	8,483
60	10.375%	IEFFA 1980	09/03/91	04/15/13	25,000,000	625,000	(1,067,250)	48,868	(1,339)	(16,067)
61	8.375%	IEFFA 1979	03/11/94	01/15/14	10,000,000	100,000	(213,359)	1,994	(186)	(2,237)
62	8.500%	IEFFA 1979	03/11/94	01/15/14	40,000,000	400,000	(880,579)	8,231	(769)	(9,232)
63	9.750%	IEFFA 1983	04/01/94	01/15/14	16,000,000	400,000	(783,087)	7,334	(686)	(8,238)
64	11.375%	IEFFA 1984	11/21/94	11/01/19	42,200,000	844,000	(1,687,652)	200,877	(1,746)	(20,949)
65										
66	5.875%	1977	05/15/03	05/15/17	40,000,000	-	(599,277)	304,984	(3,567)	(42,806)
67	Variable	1994B	09/30/03	11/01/19	42,200,000	-	(174,123)	103,777	(902)	(10,821)
68	Variable	1994C	11/28/03	03/01/20	50,000,000	-	(79,616)	48,588	(408)	(4,899)
69	Variable	1994D	03/21/05	03/01/17	91,000,000	-	(4,524,506)	2,617,214	(31,525)	(378,298)
70	Variable	2005	06/13/08	03/01/18	91,000,000		(961,559)	763,394	(9,201)	(110,409)
71	Variable	2003C	06/18/08	03/01/20	50,000,000		(795,632)	674,447	(5,663)	(67,954)
72	Variable	2002	07/01/08	04/15/13	100,000,000		(583,461)	370,710	(10,154)	(121,846)
73	Variable	2003B	07/08/08	11/01/19	42,200,000		(222,142)	188,240	(1,636)	(19,632)
74	Variable	2003B	07/08/08	05/01/21			(435,433)	376,747	(2,832)	(33,983)
75	Variable	2003A	07/10/08	05/15/17	40,000,000		(566,327)	456,120	5,336	64,032
76	Variable	2003A	07/10/08	05/01/21			(332,768)	288,042	(2,165)	(25,982)
77	Variable	2003D	07/29/08	01/15/14	19,975,000		(204,456)	141,998	(3,118)	(37,414)
78	Variable	2003D	07/29/08	05/01/21			(112,292)	97,596	(734)	(8,803)
79	Variable	2008D	05/28/09	03/01/20	50,000,000		(546,292)	500,067	(4,202)	(50,427)
80	Variable	2008F	05/28/09	03/01/17	91,000,000		(677,508)	598,225	(7,208)	(86,490)
81	Variable	2008E	05/28/29	05/01/21	49,830,000		(566,726)	523,435	(3,936)	(47,227)
82	**Subordinated Deferrable Interest Debentures**									
83	8.500%	ComEd Financing II	03/07/08	01/15/38	154,640,000		(11,579,481)	10,788,136	(32,300)	(387,598)
84	TOTAL					$ 267,472,567	$ (342,374,193)	**$ 120,080,750**	$ (1,873,286)	**$ (22,479,435)**
85										
86	**Unamortized Gain on Reacquired Debt**									
87	**First Mortgage Bonds**									
88	7.250%		06/04/02	04/15/13	100,000,000	1,000,000	259,689	(78,436)	1,988	23,856
89	**Interest Rate Swap Settlement[3]**			08/15/10			6,558,359	(297,937)	66,208	794,498
90	TOTAL					$ 1,000,000	$ 6,818,048	**$ (376,373)**	$ 68,196	**$ 818,354**

Notes:
1-Listing sourced from Form 21 ILCC, pages 24a-24f. Updated to 3/31/10.
2-Refunded with the proceeds from issuance of long-term debt with the maturity dates on page 2 of WPD-3.
3-The unamortized losses and gains on interes rate swap settlements are reported in FERC accounts 182.3 (Other Regulatory Assets) and 254 (Other Regulatory Liabilities), respectively.

Commonwealth Edison Company
Embedded Cost of Long-term Debt Work Papers
End of Year 2009

REFUNDING ISSUES

Line No.	(A) Debt, Issue Type Coupon Rate[1]		(B) Maturity Date(s) of New Debt Issues				
1	**First Mortgage Bonds**						
2	14.250%	Series 46	Feb-2023	Apr-2015	(2)		
3	15.375%	Series 47	Feb-2023	Apr-2015	(2)		
4	13.000%	Series 48	Apr-2013				
5	17.500%	Series 44	Mar-1998	Feb-2023	Apr-2015	(2)	
6	12.250%	Series 50	Mar-1998	Feb-2023	Apr-2015	(2)	
7	13.375%	Series 51	Mar-1998	Feb-2023	Apr-2015	(2)	
8	12.000%	Series 66	Feb-2023	Apr-2015	(2)		
9	11.125%	Series 71	Feb-2023	Apr-2015	(2)		
10	10.500%	Series 56	Apr-2023	Apr-2015	(2)		
11	10.250%	Series 67	Apr-2013				
12	8.750%	Series 30	Jul-2005	Jul-2013			
13	9.125%	Series 38	Jul-2005	Jul-2013			
14	9.625%	Series 60	Jul-2023	Aug-2010	(2)		
15	10.375%	1985	Mar-2009	Mar-2020	(2)		
16	10.625%	1985	Mar-2009	Mar-2015	Mar-2020	Mar-2017	(2)
17	9.875%	Series 75	Mar-2012				
18	8.625%	Series 81	Mar-2012				
19	8.500%	Series 84	Mar-2012				
20	8.375%	Series 86	Feb-2033				
21	7.625%	Series 92	Mar-2012				
22	7.500%	Series 94	Mar-2012				
23	7.250%	1991	Apr-2013				
24	8.375%	Series 88	Apr-2015				
25	8.000%	Series 91	Apr-2015				
26	7.750%	Series 97	Aug-2010				
27	**Sinking Fund Debentures**						
28	10.000%	Series 4	Feb-1997	Feb-2022	Mar-2012	(2)	
29	**Subordinated Deferrable Interest Notes**						
30	8.480%		Mar-2033				
31	**Subordinated Deferrable Interest Debentures**						
32	8.500%		Jan-2038				
33	**Pollution Control Obligations**						
34	11.750%	Joliet Series 1981	Jun-2011	Apr-2013	(2)		
35	11.750%	Pekin Series 1981	Jun-2011	Apr-2013	(2)		
36	11.500%	Wkg Series 1981	Jun-2011	Apr-2013	(2)		
37	10.125%	IEFFA Series '80	Jun-2011	Apr-2013	(2)		
38	10.375%	IEFFA Series '80	Jun-2011	Apr-2013	(2)		
39	8.375%	IEFFA Series '79	Jan-2004	Jan-2009	Feb-2011	(2)	
40	8.500%	IEFFA Series '79	Jan-2004	Jan-2009	Feb-2011	(2)	
41	9.750%	IEFFA Series '83	Jan-2004	Jan-2009	Feb-2011	(2)	
42	11.375%	IEFFA Series '84	Oct-2014	Nov-2019	(2)		
43	5.875%	IDFA Series '79	May-2017				
44	Variable	IDFA 1994B	Nov-2019				
45	Variable	IDFA 1994C	Mar-2020				
46	Variable	IDFA 1994D	Mar-2017				
47	Variable	IFA Series 2005	Mar-2018				
48	Variable	IDFA Series 2003 C	Mar-2020				
49	Variable	IDFA Series 2003 B	Nov-2019				
50	Variable	IDFA Series 2003 A	May-2017				
51	Variable	IDFA Series 2003 D	Jan-2014				
52	Variable	IFA Series 2008 D	Mar-2020				
53	Variable	IFA Series 2008 F	May-2021				
54	Variable	IFA Series 2008 E	May-2021				
55							
56	**The following debt items were not refinanced:**						
57			Original Maturity Date of Debt Issues				
58	First Mortgage Bonds						
59	7.625%	Series 92	Mar-2012				
60	7.500%	Series 94	Jul-2013				
61	5.700%	Series 94B	Jan-2009				
62	5.850%	Series 94C	Jan-2014				
63	6.150%	Series 98	Mar-2012				
64	5.875%	Series 100	Feb-2033				
65	4.700%	Series 101	Apr-2015				
66	4.740%	Series 102	Aug-2010				
67	Pollution Control Obligations						
68	Variable	IDFA Series 2002	Apr-2013				
69	Notes -		Jan-2007				
70	6.950%		July 2018				
71							
72							
73	Notes:						
74	1-Listing sourced from Form 21 ILCC, pages 24e and 24f.						
75	2-The amortization period has changed due to the refunding of the long-term debt originally issued to refund this issue. Maturity date is that of the new long-term debt issue.						

Commonwealth Edison Company
Embedded Cost of Long-term Debt Work Papers
End of Year 2009

e) 2. Sinking Fund Schedule

Interest Rate	Balance	Paydown Schedule
4.750%	$2,400,000	$800,000 payable 6/1/10, 6/1/11,12/1/11

e) 6. Utility Guarantees

Line No.	Surety Bond Type	Principal	Obligee	Obligee State	Bond Amount	Effective Date	Exp Date	Renewal Type	Premium
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Ordinance	ComEd	Various (403 Bonds)	IL	$2,090,000	06/01/09	06/01/10	Release Needed	$40,300
2	License Permit	ComEd	Forest Preserve Dist. Of Cook County	IL	25,000	08/04/06	NA	Continuous	100
3	Perpetual Permit	ComEd	Chicago Park District	IL	50,000	08/24/06	NA	Continuous	250
4	Highway Permit	ComEd	D.O.T. IL	IL	50,000	12/27/09	12/27/10	Continuous	250
5	Permit	ComEd	Ill. State Toll Comm	IL	50,000	10/01/01	10/01/18	Release Needed	1,000
6	Savings Guaranty	ComEd	DeKalb County	IL	17,052	06/01/00	06/01/10	Release Needed	682
7	Encroachment (I)	ComEd	COUNTY OF DUPAGE, Department of Economic Development & Planning	IL	10,868	10/23/09	10/23/10	Release Needed	100
8	Encroachment (II)	ComEd	COUNTY OF DUPAGE, Department of Economic Development & Planning	IL	14,735	10/23/09	10/23/10	Release Needed	100
				Total	$2,307,655				

Commonwealth Edison Company
Embedded Cost of Long-term Debt Work Papers
3/31/2010

Line No.

1 Schedule D- 3 e) 1) - Provide the following work papers or documents supporting Schedule D-3:
2
3 **Series 2008D - $50 Million**
4 Mode: Weekly
5 Rate Determination Date: Upon initial conversion to the weekly mode, a business day no later
6 than the mode change date; thereafter, each Wednesday or, if Wednesday is not a business
7 day, the next business day after such Wednesday.
8 Interest Period: Commences on the first day bonds begin to accrue interest in the weekly mode
9 and ends on the next succeeding Tuesday; thereafter, commences on each Wednesday and ends
10 on the Tuesday of the following week.
11 Interest Payment Date: First business day of each month
12 Record Date: Business day immediately preceding the interest payment date.
13 Pages 5 - 50 contain selected pages from the offering. Weekly mode is described on WPB-3,
14 pages 12 and 16. There are no interest rate forecasts.
15
16 **Series 2008F - $91 Million**
17 Mode: Weekly
18 Rate Determination Date: Upon initial conversion to the weekly mode, a business day no later
19 than the mode change date; thereafter, each Wednesday or, if Wednesday is not a business
20 day, the next business day after such Wednesday.
21 Interest Period: Commences on the first day bonds begin to accrue interest in the weekly mode
22 and ends on the next succeeding Tuesday; thereafter, commences on each Wednesday and ends
23 on the Tuesday of the following week.
24 Interest Payment Date: First business day of each month
25 Record Date: Business day immediately preceding the interest payment date.
26 Pages 47 - 97 contain selected pages from the offering. Weekly mode is described on WPB-3,
27 pages 58 and 62. There are no interest rate forecasts.
28
29 **Series 2008F - $91 Million**
30 Mode: Weekly
31 Rate Determination Date: Upon initial conversion to the weekly mode, a business day no later
32 than the mode change date; thereafter, each Wednesday or, if Wednesday is not a business
33 day, the next business day after such Wednesday.
34 Interest Period: Commences on the first day bonds begin to accrue interest in the weekly mode
35 and ends on the next succeeding Tuesday; thereafter, commences on each Wednesday and ends
36 on the Tuesday of the following week.
37 Interest Payment Date: First business day of each month
38 Record Date: Business day immediately preceding the interest payment date.
39 Pages 48 - 142 contain selected pages from the offering. Weekly mode is described on WPB-3,
40 pages 105 and 109. There are no interest rate forecasts.

NEW ISSUE—BOOK-ENTRY ONLY

Subject to compliance by the Authority and the Company with certain covenants, in the opinion of Foley & Lardner LLP, Chicago, Illinois, Bond Counsel, under present law, interest on the Bonds will not be includible in the gross income of the owners thereof for federal income tax purposes, except for interest on any Bonds for any period during which they are held by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) and to the extent that such interest will be taken into account in computing the corporate alternative minimum tax and the branch profits tax. Interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. See the heading "TAX EXEMPTION" herein for a more detailed discussion of some of the federal tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Illinois income taxes.

The Authority is issuing contemporaneously with the Series 2008D Bonds its Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008F, for which Pugh, Jones, Johnson & Quandt, P.C. is serving as bond counsel. The Series 2008D Bonds and the Series 2008F Bonds will be treated for certain federal income tax purposes as a single issue of bonds, and if interest on either issue should become treated as not excludable from gross income for federal income tax purposes, that could result in interest on both issues being treated as not excludable from gross income for federal income tax purposes. The opinion of Foley & Lardner LLP as to tax exemption on the Series 2008D Bonds relies upon the opinion of Pugh, Jones, Johnson & Quant, P.C. as to the tax exemption of the Series 2008F Bonds, without making any independent examination in that regard.

$50,000,000

ILLINOIS FINANCE AUTHORITY

POLLUTION CONTROL REVENUE REFUNDING BONDS

(Commonwealth Edison Company Project)

Series 2008D

Dated: Date of Original Issuance **Due: March 1, 2020**

The Bonds will be issued to refund certain obligations issued to refinance the cost of certain pollution control and solid waste disposal facilities of Commonwealth Edison Company. The Bonds will be special, limited obligations of the Authority, and will be payable, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, from and secured by a pledge of payments to be made under a Loan Agreement with, and secured by a First Mortgage Bond to be issued by Commonwealth Edison Company

and from funds drawn under an irrevocable letter of credit issued by SunTrust Bank

The Letter of Credit will permit The Bank of New York Trust Company, N.A., as trustee (the "*Trustee*"), to draw up to an amount sufficient to pay the principal or purchase price of the Bonds and up to 53 days' interest accrued thereon at a maximum rate of 12%, all as described in this Official Statement. The Letter of Credit will expire on May 9, 2009, unless terminated earlier as described herein. Unless the Letter of Credit is extended or replaced as described herein, the Bonds will be subject to mandatory purchase prior to its expiration.

The Bonds will be issued in fully-registered form initially in denominations of integral multiples of $100,000 registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as securities depository of the Bonds. See "THE BONDS—Book-Entry System" herein.

The Bonds will initially accrue interest at the Weekly Rate in the Weekly Mode. The Interest Payment Date with respect to the Bonds while in the Weekly Mode is the first Business Day of each month and the Business Day immediately following the last Interest Period during which the Bonds bear interest at the Weekly Rate.

The interest rate of the Bonds may be converted from the Weekly Rate to a different rate basis, following mandatory tender for purchase (with no right to retain Bonds) on the related Purchase Date, as described herein. See "THE BONDS—Interest on the Bonds," "—Interest Rate Modes," "—Change of Modes" and "—Mandatory Purchase of Bonds" herein.

Principal of and premium, if any, and interest on the Bonds will be paid to Cede & Co. by wire transfer, subject to certain exceptions described herein.

PRICE 100%

The Bonds are special, limited obligations of the Authority, with a claim for payment solely from Revenues as defined in the Indenture under which the Bonds are issued (including payments under the Loan Agreement with the Company and under the Company's First Mortgage Bond). The Bonds do not have a claim for payment from any other funds of the Authority. The Bonds are not an obligation of the State of Illinois, and have no claim for payment from any State of Illinois appropriation or from any taxes.

The Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriters subject to the delivery of an approving legal opinion by Foley & Lardner LLP, Bond Counsel, in substantially the form attached as Appendix C and certain other conditions. Certain legal matters will be passed upon for the Company by Sidley Austin LLP, Chicago, Illinois; for the Authority by Kevin M. Cahill, Esq., Chicago Illinois; for the Underwriters by Winston & Strawn LLP, Chicago, Illinois; and for SunTrust Bank by King & Spalding LLP, Atlanta, Georgia. It is expected that delivery of the Bonds will be made on or about May 9, 2008 through the facilities of DTC.

SunTrust Robinson Humphrey
Cabrera Capital Markets, LLC

This Official Statement is dated May 5, 2008 and the information contained herein speaks only as of that date.

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Appendix A – Commonwealth Edison Company A-1
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No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Illinois Finance Authority (the *"Authority"*), Commonwealth Edison Company (the *"Company"*), SunTrust Bank or SunTrust Robinson Humphrey, Inc. or Cabrera Capital Markets, LLC (the *"Underwriters"*). Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Company since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The Authority neither has nor assumes any responsibility as to the accuracy or completeness of the information in this Official Statement, other than that relating to the Authority under the captions "THE AUTHORITY" and "LITIGATION — The Authority."

In connection with the offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the securities offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Certain state securities regulations require that offering circulars for state and local government bonds set forth detailed information about any bonds of the Authority which are in default (whether or not the default relates to the bonds being sold). Information which is believed not to be material may, nevertheless, be deleted if the reason for the deletion is set forth in the offering circular. The Authority believes that certain bonds issued by it for the benefit of private corporations have been or may be in default. Further information regarding such defaulted bonds is available through the trustee for such bonds. However, the Authority believes that such information is not material to the sale of the Bonds, because the Bonds are payable from amounts received from the Company under the Loan Agreement and the First Mortgage Bond pledged under the Loan Agreement, and none of such defaults involves the Company.

OFFICIAL STATEMENT

$50,000,000

ILLINOIS FINANCE AUTHORITY

POLLUTION CONTROL REVENUE REFUNDING BONDS

(COMMONWEALTH EDISON COMPANY PROJECT)

SERIES 2008D

INTRODUCTORY STATEMENT

This Official Statement of the Illinois Finance Authority (the "*Authority*"), including the Appendices hereto and the documents incorporated by reference herein (the *"Official Statement"*), is provided to furnish certain information in connection with the sale of its Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008D in the aggregate principal amount of $50,000,000 due March 1, 2020 (the *"Bonds"*). The Bonds will be issued pursuant to a Bond Indenture, dated as of April 15, 2008 (the *"Indenture"*), between the Authority and The Bank of New York Trust Company, N.A., Chicago, Illinois, as trustee (the *"Trustee"*). Terms not otherwise defined in this Official Statement shall have the respective meanings given to them in the Indenture.

The proceeds from the sale of the Bonds will be loaned by the Authority to Commonwealth Edison Company (the *"Company"*) pursuant to a Loan Agreement, dated as of April 15, 2008 (the "*Loan Agreement*"), between the Authority and the Company, to provide a portion of the funds necessary to redeem the Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2003C originally issued by the Illinois Development Finance Authority ("*IDFA*") in the aggregate principal amount of $50,000,000 and all of which are currently outstanding (the *"Prior Bonds"*). Those bonds refinanced other bonds issued through IDFA that refinanced Pollution Control Revenue Bonds (Commonwealth Edison Company Project) Series 1985 (the "*Original Bonds*"), also issued by IDFA, which financed the cost of certain pollution control and solid waste disposal facilities located in the State of Illinois (collectively, the *"Project"*). See "THE PROJECT" below in this Official Statement.

Pursuant to the Loan Agreement, the Authority will loan the proceeds from the sale of the Bonds to the Company and the Company will pledge as collateral security for such loan a series of its first mortgage bonds (the "*First Mortgage Bond*"). The First Mortgage Bond so pledged will be issued in an aggregate principal amount, with interest payments due, interest payment dates, maturity date and terms and provisions corresponding to the aggregate principal amount, interest payments, interest payment dates, maturity date and terms and provisions of the Bonds. The First Mortgage Bond in turn will be pledged by the Authority to the Trustee to secure repayment of the Bonds. The First Mortgage Bond will be issued under and secured by the Company's Mortgage, dated July 1, 1923, under which BNY Midwest Trust Company (the "*Mortgage Trustee*") and D.G. Donovan are now the trustee and the co-trustee, respectively, as amended and supplemented by a Supplemental Indenture, dated August 1, 1944, and subsequent supplemental indentures, and as to be further supplemented by a Supplemental Indenture, dated as of April 23, 2008 (the "*Supplemental Indenture*"), creating the First Mortgage Bond. The Company's Mortgage, as so supplemented and amended, is hereinafter referred to as the "*Mortgage*."

As holder of the First Mortgage Bond, the Trustee will, ratably with the holders of all other first mortgage bonds outstanding under the Mortgage, enjoy the benefit of a lien on substantially all of the property of the Company. See "THE FIRST MORTGAGE BOND AND THE MORTGAGE—Security" for a description of the properties of the Company that are subject to the lien of the Mortgage. The Bonds will not be secured by a

mortgage of, or security interest in, the Project. The First Mortgage Bond will be registered in the name of, and held by, the Trustee for the benefit of the registered owners of the Bonds (the "*Owners*") and will not be transferable except to a successor trustee under the Indenture.

Concurrently with the issuance of the Bonds, the Company will cause to be delivered to the Trustee an irrevocable letter of credit (the "*Letter of Credit*") issued by SunTrust Bank (the "*Credit Facility Provider*"), initially in the amount of $50,871,233. Under the Letter of Credit, the Trustee will be permitted to draw up to:

- an amount sufficient to pay the principal of the Bonds when due at maturity, upon redemption or upon acceleration, or the portion of the purchase price of Bonds tendered to the Trustee and not remarketed equal to the principal amount of such Bonds, plus

- an amount up to 53 days' interest accrued on the bonds (while bearing interest in the Daily Mode or Weekly Mode) computed at a maximum rate of 12% per annum.

The expiration date of the Letter of Credit is May 9, 2009, unless extended as provided under "THE LETTER OF CREDIT AND THE CREDIT FACILITY." The Letter of Credit may be replaced by a substitute credit facility prior to its expiration date as described under "THE LETTER OF CREDIT AND THE CREDIT FACILITY." If the Letter of Credit expires or is replaced by a substitute credit facility, the Bonds will be subject to mandatory tender for purchase, as described under "THE BONDS." The Letter of Credit will be issued pursuant to a Letter of Credit and Reimbursement Agreement dated as of May 9, 2008 among the Company, the financial institutions party thereto (including the Credit Facility Provider) and Barclays Bank plc, as Administrative Agent (the "*Administrative Agent*"). As used herein, the term "Letter of Credit" shall mean the initial Letter of Credit or any substitute credit facility delivered pursuant to the Indenture, the term "Credit Facility Provider" shall mean the issuer of the Letter of Credit then in effect and the term "Credit Facility" shall mean the agreement pursuant to which the Letter of Credit then in effect is issued, in each case unless the context clearly otherwise requires..

The Bonds are special, limited obligations of the Authority, with a claim for payment solely from Revenues as defined in the Indenture under which the Bonds are issued (including certain payments under the Loan Agreement with the Company and under the Company's First Mortgage Bond). The Bonds do not have a claim for payment from any other funds of the Authority. The Bonds are not an obligation of the State of Illinois, and have no claim for payment from any State of Illinois appropriation or from any taxes.

As originally issued, the Bonds will bear interest at the Weekly Rate in the Weekly Mode. See "THE BONDS." The interest rate on the Bonds can be converted from the Weekly Mode to an interest rate calculated on one of several other rate bases, following mandatory tender for purchase (without any right to retain) upon not less than five business days prior written notice to the Bondholders, in the case of a conversion to any Mode other than the Fixed Rate Mode, and upon not less than fifteen days prior written notice to the Bondholders, in the case of a conversion to the Fixed Rate Mode. See "THE BONDS—Interest on the Bonds" and "—Change in Modes."

The payments required to be made by the Company pursuant to the Loan Agreement are designed to be sufficient to enable the Authority to pay when due and payable the principal or purchase price of and premium, if any, and interest on the Bonds.

Brief descriptions of the Authority, the Bonds, the Letter of Credit, the Credit Facility, the Mortgage, the First Mortgage Bond, the Loan Agreement, the Indenture, the Continuing Disclosure Agreement and certain other documents are included in this Official Statement. Information regarding the business, properties and financial condition of the Company is included in, and incorporated by reference into, Appendix A. Information regarding the Credit Facility Provider is included in, and incorporated by reference into, Appendix B. The form of approving opinion of Bond Counsel is included in Appendix C. The descriptions herein of any of the foregoing agreements are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the Indenture. Copies of such documents may be obtained from the corporate trust office of the Trustee in Chicago, Illinois. All such descriptions are further qualified in their entirety by reference to bankruptcy laws affecting the remedies for the

enforcement of the rights and security provided in such documents and to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights.

THE AUTHORITY

Description of the Authority

The Authority is a body politic and corporate of the State of Illinois. The Authority was created under the Illinois Finance Authority Act (the *"Act"*), which consolidated seven of the State's previously existing financing authorities (the *"Predecessor Authorities"*). All bonds, notes or other evidence of indebtedness of the Predecessor Authorities were assumed by the Authority effective January 1, 2004. Under the Act, the Authority may not have outstanding at any one time bonds for any of its corporate purposes in an aggregate principal amount exceeding $26,650,000,000, excluding bonds issued to refund the bonds of the Authority or bonds of the Predecessor Authorities. Pursuant to the Act, the Authority is governed by a 15-member board appointed by the Governor of the State of Illinois with the advice and consent of the State Senate. The members receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties.

Bonds of the Authority

The Authority may from time to time issue bonds as provided in the Act for the purposes set forth in the Act. Any bonds issued by the Authority (and any interest thereon) shall not be or become an indebtedness or obligation, general or moral, of the State of Illinois or any political subdivision thereof nor be or become a pledge of the full faith and credit of the State of Illinois or any political subdivision thereof, other than the Issuer. The Bonds of the Authority as described herein are limited obligations of the Authority payable solely from the specific sources and revenues of the Authority specified in the Indenture authorizing the issuance of such Bonds. No Owner of any Bond shall have the right to compel any taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any or interest on the Bonds, and the Authority has no taxing power.

The Authority makes no warranty with respect to the Project or the use thereof. Further, the Authority has not prepared any material for inclusion in this Official Statement, except for the material under the headings "THE AUTHORITY" and "LITIGATION – The Authority". The distribution of this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization does not, however, constitute a representation or approval by the Authority of the accuracy or sufficiency of any information contained herein except to the extent of the material under the headings referenced in this paragraph.

The offices of the Authority are located at Two Prudential Plaza, 180 N. Stetson, Suite 2555, Chicago, Illinois 60601, and its telephone number is (312) 651-1300.

Authority Advisors

D.A. Davidson & Co. and Scott Balice Strategies, LLC serve as co-senior financial advisers to the Authority. Additionally, certain legal matters with respect to the Bonds will be passed upon for the Authority by its special counsel, Kevin M. Cahill, Esq., Chicago, Illinois.

THE PROJECT

The facilities refinanced with the proceeds of the Prior Bonds were located at the following electric generating plants located in the State of Illinois and owned by the Company at the time of the issuance of the Original Bonds: Braidwood Station, Byron Station and LaSalle County Station. Such facilities included facilities for pollution control and sewage and solid waste disposal, together with certain miscellaneous facilities functionally related and subordinate thereto.

THE COMPANY

See Appendix A to this Official Statement for a discussion of the Company and certain documents incorporated by reference therein.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Indenture and the form of Bond included therein for the detailed provisions of the Bonds.

General

The Bonds will be dated as of the date of the initial authentication and delivery thereof and will mature, subject to prior redemption, on the date set forth on the cover of this Official Statement. The Bonds will be issued as fully registered Bonds without coupons initially in authorized denominations of $100,000 or any integral multiple of $5,000 in excess thereof.

The Authority has established a book-entry-only system of registration for the Bonds (the "*Book-Entry System*"). Except as otherwise provided in the Indenture, The Depository Trust Company, New York, New York, or its successor as securities depository (the "*Securities Depository*") (or its nominee) will be the registered owner of the Bonds. By acceptance of a confirmation of purchase, delivery or transfer, each beneficial owner (a "*Beneficial Owner*") of an interest in the Bonds will be deemed to have consented to the Book-Entry System. The Securities Depository (or its nominee), as registered owner of the Bonds, will be the registered owner or holder of the Bonds for all purposes of the Indenture. The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a Bond.

Interest on the Bonds

Until converted to a different interest rate basis, or Mode, permitted under the Indenture, the Bonds will bear interest at the Weekly Rate in the Weekly Mode. The permitted Modes are: the "Daily Mode," the "Weekly Mode," the "Commercial Paper Mode," the "Indexed Mode," the "Term Rate Mode" and the "Fixed Rate Mode;" and the corresponding interest rates are the "Daily Rate," the "Weekly Rate," the "Commercial Paper Rate," the "Indexed Rate," the "Term Rate" and the "Fixed Rate." See "—Interest Rate Modes." The interest rate and, if applicable, the interest periods during the Commercial Paper Mode and the Indexed Mode will be determined by the Remarketing Agent; provided that the interest rate on the Bonds (other than Credit Facility Bonds) shall not exceed the lowest of 12% per annum, the maximum rate specified in any Credit Facility related to the Bonds and the maximum interest rate permitted by law. The interest rate Mode for the Bonds is subject to change to a different Mode from time to time as hereinafter described. See "—Change of Modes."

Interest on the Bonds is calculated under differing conventions as to the passage of time, depending upon the Mode, as described below:

- In a Daily Mode, a Weekly Mode, a Commercial Paper Mode, a SIFMA-based Indexed Mode and a Term Rate Mode of 360 days or less, interest is computed on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed.

- In a Term Rate Mode for more than 360 days and a Fixed Rate Mode, interest is computed on the basis of a 360-day year of twelve 30-day months.

- In all Indexed Modes other than a SIFMA-based Indexed Mode, interest is computed on the basis of a 360-day year for the number of days actually elapsed.

Interest on the Bonds in each Mode accrues at the rate determined on the Rate Determination Date during the Interest Period(s), and is payable on the Interest Payment Date(s) to the registered owners of the Bonds on the applicable Record Date(s), as indicated in the table below:

Mode	**Rate Determination Date**	**Interest Period**	**Interest Payment Date**	**Record Date**
Daily	Each Business Day commencing with the first day the Bonds become subject to the Daily Mode	Commences on a Business Day and extends to, but does not include, the next succeeding Business Day	First Business Day of each month	Business Day immediately preceding the Interest Payment Date
Weekly	Upon initial conversion to the Weekly Mode, a Business Day no later than the Mode Change Date; thereafter, each Wednesday or, if Wednesday is not a Business Day, the next Business Day after such Wednesday	Commences on the first day Bonds begin to accrue interest in Weekly Mode and ends on the next succeeding Tuesday; thereafter, commences on each Wednesday and ends on Tuesday of following week	First Business Day of each month	Business Day immediately preceding the Interest Payment Date
Commercial Paper	First day of an Interest Period, which must be a Business Day	Established by Remarketing Agent with a duration of from one to 270 calendar days	Business Day immediately following the end of an Interest Period having a duration of 180 days or less; and otherwise, each March 1 and September 1 prior to the end of the selected Interest Period and the Business Day immediately following the end of such Interest Period	Business Day immediately preceding the Interest Payment Date
Indexed	Date determined by the Remarketing Agent which shall be a Business Day at least one Business Day prior to the Mode Change Date	Commences on the first day Bonds begin to accrue interest in the Indexed Mode and ends on calendar day prior to the end of the specified period during which the Bonds bear interest at the Indexed Rate	Established by Remarketing Agent	15th calendar day of the month immediately preceding each Interest Payment Date

Mode	Rate Determination Date	Interest Period	Interest Payment Date	Record Date
Term Rate	A Business Day no earlier than 30 Business Days and no later than the Business Day immediately preceding the first day of an Interest Period	Commences on the first day Bonds begin to accrue interest in the Term Rate Mode and ends on last calendar day of selected Interest Period, which Interest Period shall be not less than 270 days	Each March 1 and September 1 prior to the end of the selected Interest Period and the Business Day immediately following the end of such Interest Period	15th calendar day of the month immediately preceding each Interest Payment Date
Fixed Rate	Date determined by the Remarketing Agent which shall be a Business Day at least one Business Day prior to the Mode Change Date	Commences on the first day Bonds begin to accrue interest in the Fixed Rate Mode and ends on calendar day prior to the final maturity date of the Bonds	Each March 1 and September 1 prior to the Maturity Date and on the Maturity Date	15th calendar day of the month immediately preceding each Interest Payment Date

So long as the Bonds are held in the Book-Entry System, the principal or redemption price of, interest on and purchase price of the Bonds will be paid in immediately available funds through the facilities of the Securities Depository. Otherwise, the principal or redemption price of the Bonds shall be payable by check in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee. Interest on the Bonds shall be paid to the person whose name appears on the bond registration books of the Trustee as their Holder as of the close of business on the Record Date for each Interest Payment Date. Payment of the interest on (i) any Bonds in a Daily Mode, a Weekly Mode, an Indexed Mode or a Term Rate Mode or any Bond in a Commercial Paper Mode shall be made by wire transfer in immediately available funds to an account within the United States of America designated by such Holder and (ii) any Bonds in a Term Rate Mode or a Fixed Rate Mode shall be made by check mailed by first class mail to such Holder at its address as it appears on such registration books, or, upon the written request of any Holder of at least $1,000,000 in aggregate principal amount of Bonds, submitted to the Trustee at least one Business Day prior to the Record Date, by wire transfer in immediately available funds to an account within the United States of America designated by such Holder. CUSIP number identification shall accompany all payments of principal or redemption price and interest whether by check or by wire transfer.

The Bonds are issuable only as fully registered Bonds in the following authorized denominations:

- in a Daily Mode, a Weekly Mode, a Commercial Paper Mode or a Term Rate Mode of 360 days or less, $100,000 and integral multiples of $5,000 in excess thereof; and

- in an Indexed Mode, a Term Rate Mode of more than 360 days or a Fixed Rate Mode, $5,000 and any integral multiple thereof.

If the Book-Entry System is discontinued and the Bonds are issued in certificated form, the Bonds may be transferred or exchanged for an equal aggregate principal amount of Bonds of other authorized denominations upon surrender of such Bonds at the office of the Trustee designated for such transfer or exchange, which is located at 111 Sanders Creek Parkway, East Syracuse, New York 13057, Attention Corporate Trust Operations Window (or such other address as the Trustee may designate to the Trustee), duly endorsed for transfer or accompanied by a written instrument of transfer or authorization for exchange, executed by the Holder or the Holder's duly authorized attorney. Except as provided in the Indenture, the Trustee will not be required to register the transfer or exchange of (i) any Bond during the 15 days immediately preceding (a) the date on which notice of redemption of bonds is given or (b) the date on which Bonds will be selected for redemption, or (ii) any Bond with respect to which the Holder has submitted a demand for purchase as described below under "THE BONDS – Purchase of Bonds on Demand of Owner." Registration of transfers and exchanges shall be made without charge to the Holders, except that the

Authority may require the Owner requesting registration of transfer or exchange to pay any required tax or governmental charge that may be imposed in relation to such transfers or exchanges.

The Bank of New York Trust Company, N.A. also has been appointed as Tender Agent under the Indenture. SunTrust Robinson Humphrey, Inc. has been appointed as Remarketing Agent for the Bonds (the "*Remarketing Agent*"). The Remarketing Agent may be removed by the Company in accordance with the Remarketing Agreement dated the date of issuance of the Bonds (the "*Remarketing Agreement*") between the Remarketing Agent and the Company. The Remarketing Agent may resign upon 30 days' notice to the Company in accordance with the Remarketing Agreement.

Certain Definitions

Each of the following terms shall have the meaning indicated:

"*Additional Payments*" means the payments so designated and required to be made by the Company pursuant to the Loan Agreement.

"*Administrative Fees and Expenses*" means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred, by the Authority or the Trustee.

"*Bondholder*" or "*Holder*" means, with respect to a Bond, the person in whose name such Bond is registered.

"*Business Day*" means (i) a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of Illinois, the State of New York or in any state in which the office of any Credit Facility Provider, any Remarketing Agent, any Tender Agent, or the Trustee is located are authorized to remain closed or (ii) a day on which the New York Stock Exchange is closed.

"*Code*" means the Internal Revenue Code of 1954, as amended, to the extent applicable in any instrument, and otherwise the Internal Revenue Code of 1986, as amended, or any successor statute to it, and any regulations promulgated under it.

"*Credit Facility*" means a letter of credit, including, if applicable, a confirming letter of credit, bond insurance policy or similar credit facility issued by a commercial bank, savings institution, insurer or other financial institution which, by its terms, shall secure the payment of the principal of and interest on Bonds when due, delivered to the Trustee pursuant to the Loan Agreement, including a Substitute Credit Facility. Initially the Credit Facility is a Letter of Credit, provided by SunTrust Bank. While Bonds are in a Daily Mode or a Weekly Mode, the Credit Facility shall also provide for the payment of the Purchase Price of Bonds tendered and not remarketed, unless the Indenture is amended to provide for a separate liquidity facility. Unless the context requires otherwise with reference to a specific letter of credit, the term Credit Facility shall mean, to the extent applicable, the Reimbursement Agreement pursuant to which such letter of credit was issued.

"*Credit Facility Bonds*" means Bonds that have been purchased with the proceeds of a drawing under the Credit Facility and have not been remarketed and are either pledged (or required to be pledged) by the Company to the Credit Facility Provider or, if directed by the Credit Facility Provider to the Trustee, owned by the Credit Facility Provider to secure obligations of the Company under the Credit Facility.

"*Credit Facility Provider*" means the commercial bank, savings institution, insurer or other financial institution issuing a Credit Facility. In the case of a Credit Facility that is, or involves the issuance of a letter of credit, the term Credit Facility Provider shall mean the administrative agent appointed pursuant to the reimbursement agreement to act on behalf of the financial institutions having a risk participation in such Credit Facility issued pursuant to such reimbursement agreement, unless the context in which the term Credit Facility is used herein contemplates a reference to the institution that has issued a specific letter of credit.

"*Favorable Opinion of Bond Counsel*" means, with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of counsel (which shall be legal counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for federal income tax purposes, selected by the Company and not objected to by the Trustee or the Credit Facility Provider (if any)) to the effect that such action is not prohibited by the Indenture and will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds). In situations where a Favorable Opinion of Bond Counsel, or an Opinion of Counsel to be delivered by Bond Counsel, is required or requested to be delivered under the Indenture or the Loan Agreement after the date of delivery of the Bonds, the Trustee shall accept (unless otherwise directed by the Authority) an opinion in such form and with such disclosures as may be required so that such opinion will not be treated as a "covered opinion" for purposes of the United States Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

"*LIBOR*" means the London Interbank Offered Rate for deposits in U.S. dollars with a maturity equal to or that most closely approximates the length of the Interest Period for which the LIBOR rate is utilized and that appears on Reuters Screen LIBOR 01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London Interbank Offered Rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the Rate Determination Date.

"*Maximum Rate*" means the lower of (i) 12% per year, and (ii) the maximum rate, if any, specified in the then applicable Credit Facility; but, in any case, not more than the maximum interest rate permitted by law.

"*Mode*" means the Daily Mode, the Weekly Mode, the Commercial Paper Mode, the Indexed Mode, the Term Rate Mode or the Fixed Rate Mode.

"*Mode Change Date*" means, with respect to any Bonds, the day following the last day of one Mode for such Bonds on which another Mode begins.

"*Purchase Date*" means, with respect to Bonds:

- during the Commercial Paper Mode and the Term Rate Mode, the Business Day determined by the Remarketing Agent on the most recent Rate Determination Date as the date on which such Bonds shall be subject to purchase, and

- during the Daily Mode or the Weekly Mode, any Business Day, in each case selected by the Holder of such Bonds pursuant to the Indenture.

"*Purchase Price*" means:

- an amount equal to the principal amount of any Bonds purchased on any Purchase Date, plus, in the case of any purchase of Bonds in the Daily Mode or the Weekly Mode, accrued interest on them, if any, to the Purchase Date, or

- an amount equal to the principal amount of any Bonds purchased on a Mandatory Purchase Date, plus accrued interest on them, if any, to the Mandatory Purchase Date.

"*SIFMA Municipal Swap Index*" means the Securities Industry and Financial Markets Association (formerly The Bond Market Association™), Municipal Swap Index as disseminated by Municipal Market Data, a Thomson Financial Services Company, or its successor, for the most recently preceding Business Day.

Interest Rate Modes

Daily Mode. In the Daily Mode, the interest rate on the Bonds for any Business Day shall be the rate established by the Remarketing Agent for the Bonds no later than 10:00 a.m. (New York City time) on each Business Day, as the minimum rate of interest which, in the judgment of such Remarketing Agent under then-

existing market conditions, would result in the sale of such Bonds on such Business Day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. For any day which is not a Business Day, the interest rate on the Bonds shall be the interest rate in effect for the immediately preceding Business Day. In the event that the Daily Rate is not determined by the Remarketing Agent for any reason on any Business Day, the interest rate on the Bonds shall equal the lesser of the Maximum Rate and the SIFMA Municipal Swap Index on the Business Day immediately preceding such Business Day.

Weekly Mode. In the Weekly Mode, the interest rate on the Bonds for a given Interest Period shall be the rate established by the Remarketing Agent no later than 10:00 a.m. (New York City time) on each Rate Determination Date, as the minimum rate of interest which, in the judgment of such Remarketing Agent under then-existing market conditions, would result in the sale of such Bonds on such Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. In the event that an interest rate is not determined by the Remarketing Agent for any reason for any Interest Period, the interest rate for such Interest Period shall equal the lesser of the Maximum Rate and the SIFMA Municipal Swap Index on the Business Day immediately preceding the first day of such Interest Period.

Commercial Paper Mode. In the Commercial Paper Mode, Interest Periods are established by the Remarketing Agent as a period from one to 270 calendar days in length (a "*Commercial Paper Rate Period*"), but must begin on a Business Day and end on a day immediately preceding a Business Day or Maturity Date. The Commercial Paper Rate for each Commercial Paper Rate Period shall be effective from and including the commencement date of such period to and including the last day thereof. Each Commercial Paper Rate and Commercial Paper Rate Period shall be determined by the Remarketing Agent for the Bonds in connection with the sale of the Bond or Bonds to which it relates. Each Commercial Paper Rate and Commercial Paper Rate Period shall be determined by the Remarketing Agent for each Bond at or prior to 11:30 a.m. (New York City time) on the first day of each Commercial Paper Rate Period with respect to such Bond so as to result in the Remarketing Agent being able to remarket such Bond at par in the secondary market representing the lowest interest rate then available and for the longest Interest Period available at such rate as the Remarketing Agent deems to be advisable under current or anticipated future market conditions or anticipated future events.

If the Remarketing Agent fails to set the length of a Commercial Paper Rate Period for any Bond (other than a Credit Facility Bond) for any reason or the Commercial Paper Rate, the Commercial Paper Rate Period for such Bond shall be from and including the Rate Determination Date to, but not including, the next succeeding Business Day, and subsequently shall commence on a Business Day and extend to, but shall not include, the next Business Day; and the interest rate for such Commercial Paper Rate Period shall equal to the lesser of the Maximum Rate and the SIFMA Municipal Swap Index on the Business Day immediately preceding the first day of such Commercial Paper Rate Period and for Interest Periods of greater than 30 days an annual rate equal to 85% of the highest quoted yield on United States Government Obligations – State and Local Government Series, with a maturity equal to the length of the Interest Period for which such interest rate is calculated, as most recently published prior to the date of determination in Form PD4262, Department of Treasury, Bureau of Public Debt.

Term Rate Mode. In the Term Rate Mode, the interest rate on the Bonds shall be the minimum rate which, in the judgment of the Remarketing Agent, will result in a sale of the Bonds at a price equal to the Purchase Price on the Rate Determination Date for the Interest Period selected by the Company, which shall not be less than 270 days. The Remarketing Agent shall also determine the Purchase Date as the day following the last day of the Interest Period so selected by the Company. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Rate Determination Date. If a new Interest Period is not selected by the Company prior to the Business Day next preceding the Purchase Date for the Interest Period then in effect, the Mode shall change from the Term Rate Mode to the Weekly Mode so long as a Favorable Opinion of Bond Counsel is delivered to the Trustee. In the event that an interest rate is not determined by the Remarketing Agent for any reason for any Interest Period, the interest rate for such Interest Period shall equal to the lesser of the Maximum Rate and 85% of LIBOR with a maturity equal to the length of such Interest Period.

Indexed Mode. The Company may, with the consent of the Credit Facility Provider (if any), cause the Mode to be changed so that the Bonds will bear interest at the Indexed Rate until the end of the term specified by the Company not to exceed the Maturity Date of the Bonds. Prior to any conversion to the Indexed Mode, the Authority shall enter into a Supplemental Indenture setting forth the index, the spread, the redemption provisions, the term and

what will happen if there is a failure to remarket at the end of the term. The Company shall select the index on which the Indexed Rate shall be based not less than five Business Days prior to the Rate Determination Date. Such index may be the LIBOR, SIFMA Municipal Swap Index or any other index which the Company, in consultation with the Remarketing Agent, deems appropriate. The Remarketing Agent shall determine the percentage and/or the spread to be used in calculating the Indexed Rate not later than 4:00 p.m. (New York City time) on the Rate Determination Date. The percentage shall be the lowest percent which, when multiplied by the index, in the reasonable judgment of the Remarketing Agent and the written consent of the Company, the Remarketing Agent determines will result in selling the Bonds at a price equal to the Purchase Price on the Mode Change Date. At the time the Remarketing Agent determines the percentage by which the index is multiplied, the Remarketing Agent shall also determine the interest rate for the initial Interest Payment Period from the Mode Change Date to the first Interest Payment Date in the Indexed Mode, the frequency with which the Indexed Rate shall be recalculated, the Interest Payment Periods and the Interest Payment Dates.

Fixed Rate Mode. The Company may, with the consent of the Credit Facility Provider (if any), cause the Mode to be changed so that the Bonds will bear interest at a Fixed Rate to their final Maturity Date unless, on the date the Remarketing Agent determines the Fixed Rate, the Remarketing Agent also determines that the Bonds would bear a lower effective net interest cost if such Bonds were serial bonds or serial bonds and term bonds, in which event the Bonds shall become serial bonds or serial bonds and term bonds and shall bear separate Fixed Rates for each maturity. The Remarketing Agent shall determine the Fixed Rate not later than 4:00 p.m. (New York City time) on the Rate Determination Date. The Fixed Rate shall be the minimum interest rate which, in the judgment of the Remarketing Agent, will result in a sale of the Bonds at a price equal to the Purchase Price on the Purchase Date of the Bonds being converted to a Fixed Rate unless, in the judgment of the Remarketing Agent and with the written consent of the Company, the Remarketing Agent determines that the lowest yield will result by selling the Bonds at a price equal to the Purchase Price (plus any original issue premium or less any original issue discount) on the Mode Change Date. In the case of Bonds to be sold at a discount, either (A) a Credit Facility is in effect with respect to such Bonds and provides for the purchase of such Bonds at such discount or (B) the Company agrees to transfer to the Tender Agent on the Mode Change Date, in immediately available funds, for deposit in the Borrower Purchase Account, an amount equal to such discount. In the case of Bonds sold at a premium, the premium shall be transferred to the Company on the Mode Change Date.

Change of Modes

Changes to Modes Other than Fixed Rate Mode. The interest rate Mode for the Bonds (other than Bonds in the Fixed Rate Mode) may be changed to a different Mode from time to time in whole and not in part by the Company. The Company may exercise that right by giving written notice to the Authority, the Trustee, Tender Agent (if any), the Remarketing Agent (if any) and the Credit Provider (if any) no later than the fifth Business Day preceding the proposed Mode Change Date. Such notice must specify the new Mode and, if the change is to a Term Rate Mode, the length of the initial Interest Period.

No change in Mode may be made:

- unless the Mode Change Date is a Business Day
- if the change is from the Commercial Paper Mode, the Mode Change Date shall be a day which is the last Purchase Date for all Interest Periods then in effect
- if the change is from the Term Rate Mode, the Mode Change Date shall be the Purchase Date for the current Interest Period
- unless there has been delivered to the Trustee, the Tender Agent (if any) and the Remarketing Agent (if any) on the Mode Change Date a Favorable Opinion of Bond Counsel
- if the current Mode is the Commercial Paper Mode, no Interest Period set after delivery by the Company to the Remarketing Agent of the notice of intention to effect a change in Mode shall extend beyond the proposed Mode Change Date

- if there shall be no Credit Facility in effect to provide funds for the purchase of Bonds on the Mode Change Date, the remarketing proceeds available on the Mode Change Date shall be not less than the amount required to purchase all of the Bonds at the Purchase Price (unless the Company, in its sole discretion, elects to transfer to the Tender Agent the amount of such deficiency on or before the Mode Change Date)

The Company may revoke its election to effect a change of the interest rate on the Bonds to another Mode by giving written notice of such revocation to the Authority, the Trustee, the Remarketing Agent (if any), the Credit Facility Provider (if any), and the Tender Agent at any time prior to 10:00 a.m. (New York City time) on the Business Day immediately preceding the Rate Determination Date for the proposed Mode Change Date.

If the conditions listed in the preceding paragraph have not been satisfied by the Mode Change Date, the change shall not take effect and (a) if the change was from a Commercial Paper Mode, the Bonds shall remain in the Commercial Paper Mode with interest rates and Interest Periods as described above under "THE BONDS – Interest Rate Modes – *Commercial Paper Mode*" and (b) otherwise, all Bonds shall be changed to a Daily Mode, as described above under "THE BONDS – Interest Rate Modes – *Daily Mode*," so long as a Favorable Opinion of Bond Counsel is delivered to the Trustee with respect to that Mode Change, otherwise the then applicable Mode will remain in effect and if the Current Mode is the Term Rate Mode, the Term Rate Period, if not set by the Company, shall be the same length as the then current Term Rate Period.

Change to Fixed Rate Mode. The interest rate Mode for the Bonds may be changed to the Fixed Rate Mode by the Company. The Company may exercise that right by giving written notice to the Authority, the Trustee, Tender Agent (if any), the Remarketing Agent (if any), the Credit Provider (if any) and each Rating Agency then rating the Bonds no later than the fifteenth day (or such shorter period as may be agreed to by the Trustee and the Remarketing Agent (if any)) preceding the proposed Mode Change Date. Such notice shall state that the Mode will be changed to the Fixed Rate Mode and shall set forth the proposed Mode Change Date.

No change to the Fixed Rate Mode may be made unless:

- The Mode Change Date is: (i) in the case of a conversion from a Daily Mode or a Weekly Mode a regularly scheduled Interest Payment Date on which interest is payable for the Daily Mode or Weekly Mode from which the conversion is to be made; (ii) in the case of a conversion from the Term Rate Mode, a regularly scheduled Interest Payment Date on which a new Interest Period would otherwise have commenced; and (iii) in the case of a conversion from a Commercial Paper Mode, a day which is the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period previously established for the Bonds to be converted.

- Not less than seven Business Days prior to the date on which the Trustee is required to notify the Holders of the conversion pursuant to next bullet point below, the Company shall give written notice of the conversion to the Authority, the Trustee, the Remarketing Agent (if any), the Credit Facility Provider (if any), and the Tender Agent (if any) setting forth the proposed Mode Change Date. Together with such notice, the Company shall file with the Authority and the Trustee, a Favorable Opinion of Bond Counsel with respect to the conversion of the Bonds to the Fixed Rate Mode, including the assignment of new maturity dates and amortization requirements as described below under the third following bullet point. No conversion to the Fixed Rate Mode shall occur unless the Company shall also file with the Authority and the Trustee a Favorable Opinion of Bond Counsel to the same effect dated the Mode Change Date.

- In the event of a conversion from a Daily Mode, Weekly Mode, a Term Rate Mode or a Commercial Paper Mode, the Trustee shall mail a notice of the proposed conversion to the Holders of all Bonds to be converted not less than fifteen days prior to the proposed Mode Change Date. Such notice shall state that the Bonds to be converted shall be subject to mandatory tender at a price equal to 100% of the principal amount of the Bond plus accrued interest on the Mode Change Date. The principal portion of the purchase price of the Bonds so tendered shall be payable solely from the proceeds of the remarketing of such Bonds.

- Not later than 12:00 noon (New York City time) on the Business Day prior to the Mode Change Date, the Remarketing Agent shall determine the Fixed Rate Mode for the Bonds to be converted.

- Prior to the conversion of any of the Bonds to a Fixed Rate Mode, the Remarketing Agent shall deliver to the Trustee, the Authority and the Company a certificate that includes a schedule specifying the principal amount of Bonds to be converted to a Fixed Rate Mode which shall mature on March 1 of the Bond years specified in such schedule and the interest rate payable on the Bonds to be converted to a Fixed Rate Mode of each such maturity date and a schedule specifying the principal amount of Bonds to be converted to a Fixed Rate Mode maturing on March 1 of the Bond years specified in such schedule or to be called for mandatory redemption pursuant to the amortization requirements on March 1 of the Bond years specified in such schedule. In determining the maturity dates, amortization requirements and interest rates, the Remarketing Agent shall use the following guidelines:

  - The Remarketing Agent shall determine the schedule of principal payments on the Bonds to be converted to a Fixed Rate Mode to achieve annual level debt service with respect to the converted Bonds;

  - The Remarketing Agent shall allocate the Bonds to be converted to a Fixed Rate Mode between serial bonds and term bonds in such manner as shall produce the lowest aggregate interest payable with respect to such Bonds; and

  - The Remarketing Agent shall set the interest rate on each Bond to be converted to a Fixed Rate Mode of a particular maturity date at the lowest interest rate that shall enable such Bond, upon conversion, to be remarketed at par (plus any accrued interest) taking into account the maturity date of such Bond and amortization requirements with respect to the Bonds of such maturity date.

  Notwithstanding anything above to the contrary, if due to the serialization of the Bonds, Bond Counsel cannot render a Favorable Opinion of Bond Counsel, then no such serialization shall occur.

- The foregoing notwithstanding, the Authority may agree to another method for providing for payment of principal of the Bonds after the Mode Change Date if (i) the Remarketing Agent deems the utilization of such other method necessary in order to remarket the Bonds at a price of par and (ii) there is delivered to the Trustee and the Authority by the Company a Favorable Opinion of Bond Counsel with respect to the utilization of such other method.

The Company may revoke its election to effect a conversion of the interest rate on the Bonds to the Fixed Rate Mode by giving written notice of such revocation to the Authority, the Trustee, the Remarketing Agent (if any), the Credit Facility Provider (if any), and the Tender Agent (if any) at any time prior to 10:00 a.m. New York City time on the Business Day immediately preceding the Rate Determination Date for the proposed Mode Change Date.

If these conditions listed in the preceding paragraph have not been satisfied by the Mode Change Date, the New Mode shall not take effect and (a) if the change was from a Commercial Paper Mode, the Bonds shall remain in the Commercial Paper Mode with interest rates and Interest Periods as described above under "THE BONDS – Interest Rate Modes – *Commercial Paper Mode*" and (b) otherwise, all Bonds shall be changed to a Daily Mode, as described above under "THE BONDS – Interest Rate Modes – *Daily Mode*," so long as a Favorable Opinion of Bond Counsel is delivered to the Trustee with respect to that Mode Change, otherwise the then applicable Mode will remain in effect and if the Current Mode is the Term Rate Mode, the Term Rate Period, if not set by the Company, shall be the same length as the then current Term Rate Period.

Purchase of Bonds on Demand of Owner

The Bonds are subject to purchase on demand of the Holders while bearing interest in the Daily Mode and the Weekly Mode, as described below. Bonds bearing interest in the other Modes are not subject to purchase on demand of the Holder.

During Daily Mode. In the Daily Mode, the Holders of any Bonds other than Credit Facility Bonds or Bonds owned by, or for the account of, or on behalf of, the Authority or the Company (those Bonds being referred to as "*Eligible Bonds*"), may demand purchase of their Bonds (or portion thereof in an amount not less than $100,000) on any Business Day during the Daily Mode at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date upon an irrevocable written notice of tender by Electronic Means to the Remarketing Agent and the Tender Agent not later than 11:00 a.m. (New York City time) on any Business Day.

During Weekly Mode. In the Weekly Mode, the Holders of Eligible Bonds may demand purchase of their Bonds (or portion thereof in an amount not less than $100,000) on any Business Day during the Weekly Mode at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date, upon an irrevocable written notice of tender by Electronic Means to the Remarketing Agent and the Tender Agent at or before 4:00 p.m. (New York City time) on a Business Day five Business Days prior to the Purchase Date.

Required Notice. A notice of tender must state (i) the CUSIP number, (ii) the principal amount (or portion thereof in an amount not less than $100,000) of the Bond to be purchased and, if the Book-Entry System is not in effect, the certificate number of such Bond and (iii) such Bond shall be purchased on the Purchase Date specified above. "*Electronic Means*" means telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

Mandatory Purchase of Bonds

On Mode Change Date. The Bonds are subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest on a Mode Change Date.

On Expiration, Termination or Replacement of Credit Facility. The Bonds shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest, if any, thereon to the Purchase Date, on:

- the second Business Day preceding the date of the expiration of the term of the then current Credit Facility, or the date on which the then current Credit Facility is to be replaced with a Substitute Credit Facility, respectively, as described under "THE LOAN AGREEMENT – Credit Facilities" herein; provided, however, that the Bonds shall not be subject to mandatory purchase on the second Business Day preceding the date of the expiration of the term of the then current Credit Facility if on or prior to the 15th day prior to such date, the Company has furnished to the Trustee an extension of the then current Credit Facility, or

- the date designated by the Trustee (which shall be at least one Business Day prior to the termination of the Credit Facility and no more than five Business Days after receipt by the Trustee of a notice of default or nonreinstatement (a "*Default Tender Date*") after the Trustee has received written notice from the Credit Facility Provider that an event of default has occurred and is continuing under the Reimbursement Agreement relating to such Credit Facility and/or that the Credit Facility Provider has determined it will not reinstate the amount available under the Credit Facility for interest payments upon payment of an interest drawing and directing a mandatory tender for the Bonds.

On Interest Payment Date for Commercial Paper Rate Period. In the Commercial Paper Rate Mode, each Bond shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued but unpaid interest, on the Business Day after the end of each Commercial Paper Rate Period for such Bond.

On Final Interest Payment Date for a Term Rate Period. In the Term Rate Mode, the Bonds shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest thereon through the last day of the Interest Period, on the Business Day immediately following the end of such Interest Period, for each Interest Period during the Term Rate Mode.

The Owners of the Bonds shall not have any right to retain Bonds subject to mandatory purchase.

Notice of Mandatory Purchases. The Tender Agent shall give notice of a mandatory purchase as follows:

- *In the case of a Mode Change*: by Electronic Means to the Holders of the Bonds subject to mandatory purchase no less than 5 Business Days for Bonds which are to be changed to a Mode of 360 days or less and no less than 15 days for Bonds which are to be changed to a Mode of more than 360 days or an Indexed Mode, each prior to the Mandatory Purchase Date;

- *In the case of an expiration or substitution of Credit Facility*: by mail to the Holders of the Bonds subject to mandatory purchase no less than 10 days prior to such Mandatory Purchase Date;

- *In the case of a Default Tender Date*: immediate notice by Electronic Means; or

- *In the case of a final Interest Payment Date for a Term Rate Period*: by mail to the Holders of the Bonds subject to mandatory purchase no less than 15 days prior to such Mandatory Purchase Date.

No notice is required to be given with respect to a mandatory purchase on a Purchase Date for a Commercial Paper Rate Period.

Payment of Purchase Price

The purchase price of any Bond purchased as described above under "THE BONDS – Purchase of Bonds on Demand of Owner" and "– Mandatory Purchase of Bonds" shall be payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, by wire transfer of immediately available funds. The purchase price shall be paid on the Purchase Date upon delivery of such Bond on such Purchase Date; provided that if the date of such purchase is not a Business Day, the purchase price shall be payable on the next succeeding Business Day.

If the Holder of any Bond (or portion thereof) that is subject to purchase fails to deliver such Bond to the Tender Agent for purchase on the Purchase Date, and if the Tender Agent is in receipt of the purchase price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the Purchase Date therefor and ownership of such Bond or portion thereof shall be transferred to the purchaser thereof as described in the Indenture. Any Holder who so fails to deliver such Bond for purchase on (or before) the Purchase Date shall have no further rights thereunder, except the right to receive the purchase price thereof from those moneys deposited with the Tender Agent in the Purchase Fund established pursuant to the Indenture upon presentation and surrender of such Bond. The Tender Agent shall, as to any Bonds which have not been delivered to it, promptly notify the Remarketing Agent and the Trustee of such non-delivery. Upon such notification, the Trustee shall place a stop transfer against an appropriate amount of Bonds registered in the name of the Holder(s) on the Bond registration books, commencing with the lowest serial number Bond registered in the name of such Holder(s) (until stop transfers have been placed against an appropriate amount of Bonds) until the appropriate purchased Bonds are surrendered to the Tender Agent.

The Tender Agent shall hold all Bonds delivered to it in connection with any optional or mandatory purchase of Bonds in trust for the benefit of the Holders thereof until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Holders, and thereafter shall deliver replacement Bonds for any Bonds purchased, in accordance with the directions of the Remarketing Agent, to the Remarketing Agent for delivery to the purchasers thereof.

Limitations on Remarketing

If there shall have occurred and be continuing an Event of Default caused by a default in the payment of the principal or Redemption Price of any Bond when due and payable as described in the first bullet point below under "THE INDENTURE – Defaults" and the Credit Facility Provider, if any, has not paid such amount under the Credit Facility, then the Remarketing Agent shall not remarket any Bonds.

Redemption of Bonds

Optional Redemption. The Bonds are subject to optional redemption prior to maturity as follows:

- While in the Daily Mode, the Weekly Mode or Indexed Mode, the Bonds shall be subject to redemption, at the option of the Company, in whole or in part on any Business Day, at a redemption price of equal to the principal amount of the Bonds called for redemption, without premium, plus accrued interest to the date for redemption.

- While in the Commercial Paper Mode, the Bonds are not subject to optional redemption prior to their respective Purchase Dates.

- While in the Term Rate Mode, the Bonds shall be subject to redemption, at the option of the Company, in whole or in part on any Purchase Date at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, plus accrued interest to the date for redemption.

- While in the Fixed Rate Mode, the Bonds shall be subject to redemption, at the option of the Company, at such times and upon such terms as shall be specified by the Company in a schedule delivered to the Trustee on or prior to the change to such Fixed Rate Mode.

Mandatory Redemption on Determination of Taxability. Subject to the immediately following paragraph, the Bonds will be redeemed in whole (or in part as described below), at a redemption price of 100% of the principal amount of the Bonds, without premium, plus accrued interest on any day within 120 days after the Company receives:

- written notice from any Holder, Beneficial Owner, former Holder, former Beneficial Owner or the Trustee to the effect that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was includable in the gross income of the Bond's owner for federal income tax purposes together with a written statement from such person that:

  (1) such person has received a notice of deficiency from the Internal Revenue Service to such effect with a copy of such notice of deficiency; or

  (2) a court of competent jurisdiction has so held, with a copy of such order or decision; or

- written notice from the Authority or the Trustee that the Internal Revenue Service has informed the Authority or the Trustee that the Internal Revenue Service intends to issue notices of deficiency to Holders, Beneficial Owners, former Holders or former Beneficial Owners asserting that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was includable in the gross income of the Bond's owner for federal income tax purposes;

- a written opinion of Bond Counsel requested by the Company to the effect that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) more likely than not is or was includable in the gross income of the Bond's owner for federal income tax purposes; or

- written notice from the Authority to the Company that, as a result of adverse findings in the course of an Internal Revenue Service examination of the compliance of the Bonds with the Internal Revenue Code, the Authority, with the written consent of the Company, has determined to execute and deliver a closing agreement with the Internal Revenue Service that requires or will require the redemption of Bonds.

No such redemption shall be made, however, if within 60 days after receipt by the Company of the notice referred to in subsections (1) or (2) under the first bullet point above, the Company agrees in good faith to pay the reasonable expenses, to indemnify the Authority, the Trustee or the current or former Holders or Beneficial Owners involved in such a dispute with the Internal Revenue Service and to control the defense or exhaust available procedures to contest or obtain review of the result of the proceedings, and no such redemption shall be made while such proceedings are continued in good faith by the Company. If the Authority, the Trustee or the current or former Holder or Beneficial Owner involved in such dispute does not give the Company the opportunity to control the defense of such proceedings, such redemption shall not be made.

The provisions of first paragraph above will once again be applicable at such date as either (A) the Company chooses to discontinue such proceedings or determines such proceedings are final and have resulted in a finding that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was includable in the gross income of the Bond's owner for federal income tax purposes; or (B) such proceedings are concluded with a determination acceptable to the Company to the effect that interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was not includable in the gross income of the Bond's owner for federal income tax purposes.

Notwithstanding the provisions of the first paragraph above, fewer than all the Bonds may be redeemed if, based on an opinion of Bond Counsel delivered to the Trustee by the 45th day prior to the redemption date, redemption of fewer than all of the Bonds would result in the interest payable on the Bonds remaining Outstanding being not includable in the gross income for federal income tax purposes of any Bondholder or Beneficial Owner other than "substantial user" or "related person," under the Code. If fewer than all Bonds are redeemed pursuant to the first bullet point, the Trustee will select the Bonds to be redeemed by lot or by such other method acceptable to the Trustee as may be specified in an opinion of Bond Counsel.

BY PURCHASE AND ACCEPTANCE OF A BOND, A HOLDER AGREES THAT THE REDEMPTION OF THE BONDS AT 100% OF THEIR PRINCIPAL AMOUNT AS DESCRIBED IN THE FIRST PARAGRAPH ABOVE SHALL BE COMPLETE AND TOTAL LIQUIDATED DAMAGES to the full extent permitted by law in the event that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was determined by the Internal Revenue Service to be includable in the gross income of the Bond's owner for federal income tax purposes.

Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the Credit Facility Provider (if any), the Rating Agencies then rating the Bonds and to the respective Holders of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption shall state the date of such notice, the date of delivery of the Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Each such notice shall also state that on the date there will become due and payable on each of the Bonds the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such date, interest on such Bond shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Failure by the Trustee to mail notice of redemption to the Credit Facility Provider (if any), the Rating Agencies then rating the Bonds or to any one or more of the Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holder or Holders to whom such notice was mailed.

Any notice of redemption may be conditional and may be rescinded by written notice given to the Trustee by the Company no later than 5 Business Days prior to the date specified for redemption, or may be conditioned on the receipt of the Redemption Price on the redemption date. The Trustee shall give notice of such rescission, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given.

Book-Entry System

The following information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Company believes to be reliable, but none of the Company, the Authority, the Trustee, the Tender Agent, the Remarketing Agent or the Underwriters, takes any responsibility for the accuracy of such information.

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other nominee as may be requested by an authorized representative of DTC. One fully registered Bond will be issued in the aggregate principal amount of the Bonds and will be deposited with DTC. So long as the nominee of DTC is the registered owner of the Bonds, such nominee will be considered the sole owner or holder of the Bonds for all purposes under the Indenture and any applicable laws. Except as otherwise provided below, a Beneficial Owner of interests in the Bonds will not be entitled to have the Bonds registered in such owner's name, will not be entitled to receive definitive Bonds and will not be considered an owner or holder of the Bonds under the Indenture.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents governing the Bonds. For example, Beneficial Owners may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal or purchase price of and premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Company, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner, through a Direct Participant acting on behalf of such Beneficial Owner, or an Indirect Participant acting on behalf of such Beneficial Owner, shall give notice to the Remarketing Agent and the Tender Agent of its election to have Bonds tendered for purchase and shall effect delivery of such Bonds by causing such Direct Participant to transfer on DTC's records the Direct Participant's interest in the Bonds to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional or mandatory purchase will be deemed satisfied when the ownership rights in such Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, the Company and the Trustee, or DTC's services with respect to the Bonds may be discontinued or terminated at any time by the Company if it determines that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository. In the event that DTC's services are so discontinued or terminated, the Authority is obligated to deliver definitive Bonds, at the expense of the Company, as described in the Indenture.

The Authority, the Company, the Trustee, the Underwriters, the Tender Agent and the Remarketing Agent will have no responsibility or obligation to DTC, Direct Participants, Indirect Participants or the Beneficial Owners of the Bonds with respect to (a) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant; (b) the payment by DTC to any Direct Participant or any Indirect Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or premium, if any, or interest on, any Bonds; (c) the delivery of any notice by DTC, any Direct Participant or any Indirect Participant; (d) the selection of Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken or omitted to be taken by DTC or any Direct Participant or Indirect Participant. The current "rules" applicable to DTC are on file with the Commission and current "procedures" of DTC to be followed in dealing with its participants are on file with DTC.

Same-Day Settlement and Payment

Settlement for the Bonds will be made by the Remarketing Agent in immediately available funds. While the Bonds are in the Book-Entry System described above, all payments of principal, premium (if any), purchase price and interest will be made by the Trustee or Tender Agent on behalf of the Authority to DTC in immediately available funds.

The information contained in this Official Statement with respect to DTC has been extracted from a report from DTC. No representation is made by the Authority, the Company, the Trustee, the Tender Agent or the Remarketing Agent as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

THE LETTER OF CREDIT AND THE CREDIT FACILITY

The following statements summarize selected provisions of the initial Letter of Credit and the initial Credit Facility. However, because this summary is not complete, it is subject to the detailed provisions of the initial Letter of Credit and the initial Credit Facility, including the definitions of the terms used under this caption. Wherever defined terms of the Credit Facility are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

The Letter of Credit

The Credit Facility Provider will issue the initial Letter of Credit pursuant to the Credit Facility. The Credit Facility contemplates the issuance of up to four letters of credit to support up to $212,175,000 principal amount of bonds to be issued for the benefit of the Company, including the initial Letter of Credit being issued to support the Bonds. Issuers of those letters of credit pursuant to the Credit Facility are referred to as "*Letter of Credit Issuers*," and the financial institutions that are parties to the Credit Facility are referred to as "*Banks*."

The Letter of Credit will be issued to the Trustee upon the issuance of the Bonds and will have a Required Stated Amount of $50,871,233. The Letter of Credit will expire on the earliest of (i) May 9, 2009; (ii) the receipt of notice that the Bonds have been defeased, a substitute letter of credit has been obtained, or the Bonds have been converted to a Term Mode, an Indexed Mode, a Commercial Paper Mode or a Fixed Mode; (iii) the last draw that can be made thereunder is made; or (iv) ten days after receipt by the Trustee of notice from the Credit Facility Provider stating that an event of default has occurred under the Credit Facility and directing the Trustee to accelerate the maturity of the Bonds.

Required Stated Amount

The Required Stated Amount of the Letter of Credit will be composed of an amount equal to the principal amount of the Bonds plus an amount representing interest calculated at the Maximum Rate of 12% per annum for 53 days based on a year of 365 days.

The Required Stated Amount is subject to adjustment for payments made by the Credit Facility Provider to the Trustee pursuant to drawings under the Letter of Credit. Payments made (i) pursuant to drawings on the Letter of Credit to make scheduled principal payments on the Bonds, (ii) to pay the unpaid principal of the Bonds on redemption, and (iii) to pay the unpaid principal of the Bonds upon acceleration, permanently reduce the Required Stated Amount by an amount equal to such payments. Payments made pursuant to drawings on the Letter of Credit made to pay interest on the Bonds and to pay the Purchase Price of Bonds tendered to the Trustee in accordance with the Indenture reduce the Required Stated Amount by an amount equal to such payments; provided that such amounts reduced with respect to the payment of accrued interest (other than in connection with a redemption of Bonds) only are reinstated automatically after such drawings (unless the Trustee has received written notice that an event of default has occurred under the Credit Facility).

Substitute Credit Facility

At least 15 days prior to the Expiration Date of the then current Letter of Credit, the Company may provide for the delivery to the Trustee of a Substitute Credit Facility.

Fees and Interest

The Company is obligated to pay the Letter of Credit Issuer and the Banks certain fees in connection with the issuance of the Letter of Credit and drawings made thereunder and to pay interest on all amounts drawn under the Letter of Credit at the rates specified in the Credit Facility.

Certain Covenants

The Company is obligated under the Credit Facility, among other things, to keep proper books of record and account; to maintain its existence and properties; to comply with applicable laws; to maintain adequate insurance on its properties; to keep its properties, revenues and assets free of liens, other than liens permitted under the Credit Facility; to comply with certain restrictions on mergers or dispositions of all or substantially all of its assets; to comply with an interest coverage test; and to submit to the Banks certain financial reports and information.

Events of Default

The following are deemed to be "Events of Default" under the Credit Facility:

- Any failure of the Company to pay when due any amount paid by the Administrative Agent, any Letter of Credit Issuer or any Bank (as defined in the Credit Facility) under any Letter of Credit or any principal of any Tender Advance (as defined in the Credit Facility) or any failure to pay within three days of the due date thereof, any interest or any fees payable under the Credit Facility;

- Any representation or warranty made by the Company in the Credit Facility, any document related to the issuance of the Bonds (an "*Operative Document*") or in any certificate, financial or other statement furnished by the Company (or any of its authorized officers) pursuant to the terms of the Credit Facility or any such Operative Document is incorrect or misleading in any material respect when made;

- Any failure by the Company to perform or observe (i) certain terms, covenants or agreements contained in the Credit Facility relating to the use of proceeds, disclosure concerning the Banks or the Letter of Credit Issuer, certain notices of default and negative covenants or (ii) any other term, covenant or agreement on its part to be performed or observed contained in the Credit Facility or in any Operative Document to which it is a party if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Administrative Agent (which notice shall be given by the Administrative Agent at the written request of any Bank);

- An "Event of Default" shall have occurred under and as defined in the Credit Agreement dated as of October 3, 2007 among the Company, the financial institutions named therein and JPMorgan Chase Bank N.A., as Administrative Agent, as amended from time to time;

- Any failure by the Company or any Principal Subsidiary (as defined in the Credit Facility) to pay any principal of or premium or interest on any debt that is outstanding in a principal amount in excess of $50,000,000 in the aggregate (with specified exclusions for, among other things, nonrecourse debt) when the same becomes due and payable, which is not cured within any applicable cure period under such agreements; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such debt and shall continue after the applicable cure period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such debt; or any such debt shall be declared to be due and

payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof;

- The occurrence of certain events of insolvency or bankruptcy involving the Company or any Principal Subsidiary;

- One or more judgments or orders for the payment of money in an aggregate amount exceeding $50,000,000 (excluding any such judgments or orders which are fully covered by insurance, subject to any customary deductible, and under which the applicable insurance carrier has acknowledged such full coverage in writing) shall be rendered against the Company or any Principal Subsidiary and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

- The occurrence of certain events involving employee benefit plans in which the Company participates, (including events likely to lead to, or causing, plan terminations, trustee appointments by an appropriate United States District Court of a trustee to administer a Plan (as defined in the Credit Facility), the institution by the PBGC (as defined in the Credit Facility) of proceedings to terminate any Plan or to appoint a trustee to administer any Plan or withdrawal by the Company or any other member of the controlled group withdraws from any multiemployer plan), in which the Company has received notice assessing the liability of the Company with respect to the applicable plan and such liability exceeds $50,000,000;

- The outstanding capital stock of the Company shall fail to be at least 85% owned, directly or indirectly, by Exelon Corporation ("*Exelon*") (other than as a result of Exelon distributing the capital stock of the Company to Exelon's shareholders generally);

- Any material provision of the Credit Facility or any Operative Document to which the Company is a party shall at any time for any reason cease to be valid and binding on the Company or the Indenture shall cease to be valid and binding on the Trustee and the Issuer, or any of such agreements shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Company or any governmental authority or regulatory body or the Company shall deny that it has any or further liability or obligation under the Credit Facility or any Operative Document to which it is a party;

- the liens created by the Control Agreements or the Pledge Agreement (as such terms are defined in the Credit Facility) shall cease to create a Lien (as defined in the Credit Facility) on the collateral described therein with the priority purported to be created thereby securing the obligations to the Administrative Agent and the Banks; or

- The occurrence of an "event of default" under and as defined in the Indenture or any other Operative Document to which the Company is a party.

Remedies

Upon the occurrence of any Event of Default under the Credit Facility, the Company may be required to repay all amounts owing under the Credit Facility and/or deposit as collateral with the Administrative Agent cash collateral in an amount equal to the Required Stated Amount of the Letter of Credit. In addition, the Administrative Agent may direct the Trustee to accelerate the Bonds or issue a notice for a mandatory tender of the Bonds. Such collateral will be held by the Administrative Agent until the Letter of Credit is terminated and all obligations of the Company to the Credit Facility Provider and the Banks have been paid in full. The Company grants a security interest to the Administrative Agent, for the benefit of the Banks and the Credit Facility Provider, in any of such collateral as may be deposited from time to time. The Administrative Agent may, and upon written instructions from the Majority Banks shall, also exercise its rights or remedies available at law or in equity.

No action taken with respect to remedies under the Credit Facility shall relieve the Company from any obligations to the Banks, all of which will survive any such action. No remedy conferred upon or reserved to the Banks is exclusive of any other available remedy or remedies.

THE FIRST MORTGAGE BOND AND THE MORTGAGE

The following statements summarize selected provisions of the Mortgage and the First Mortgage Bond. However, because this summary is not complete, it is subject to the detailed provisions of the Mortgage and the First Mortgage Bond, including the definitions of the terms used under this caption. Wherever defined terms of the Mortgage are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Concurrently with the delivery of the Bonds, the Authority will receive from the Company, as a collateral pledge under the Loan Agreement, a First Mortgage Bond, which will, in turn, be pledged to the Trustee under the Indenture as security for the Bonds. The First Mortgage Bond will be issued under the Mortgage, will be non-transferable except to a successor Trustee and will be issued in a principal amount and with interest payments, interest payment dates, maturity date, prepayment or redemption terms and other provisions corresponding to the Bonds.

The following statements are brief summaries of certain provisions of the Mortgage. The terms "*lien of Mortgage*," "*mortgage date of acquisition*," "*permitted lien*," "*prior lien*," "*prior lien bonds*," "*property additions*," and "*utilized under the Mortgage*" are used in this Official Statement with the meanings given to those terms in the Mortgage. The term "*bonds*" means any first mortgage bonds issued under the Mortgage. The Mortgage contains provisions under which substantially all of the properties of the Company's electric utility subsidiary, Commonwealth Edison Company of Indiana, Inc. (the "*Indiana Company*"), might be subjected to the lien of the Mortgage, if the Company should so determine, as additional security for the Company's bonds, whereupon that subsidiary would become a "mortgaged subsidiary," as defined in the Mortgage. Since the Company has not as yet made any determination as to causing the Indiana Company to become a mortgaged subsidiary, those provisions of the Mortgage that are summarized below that discuss a mortgaged subsidiary as well as the Company, relate to the Company only.

Security

The First Mortgage Bond will rank equally with all bonds, irrespective of series, now or hereafter outstanding under the Mortgage. The Mortgage is a direct first mortgage lien on substantially all property and franchises currently owned by the Company, subject only to permitted liens (other than expressly excepted property and property which may be acquired by the Company subsequent to the filing of a bankruptcy proceeding with respect to the Company under the Bankruptcy Reform Act of 1978). The Company's transmission and distribution assets are the principal properties subject to the lien of the Mortgage. In addition, any property and franchises hereafter acquired by the Company (other than expressly excepted property and property which may be acquired by the Company subsequent to the filing of a bankruptcy proceeding with respect to the Company under the Bankruptcy Reform Act of 1978) will also become subject to the lien of the Mortgage, subject only to permitted liens and liens, if any, existing or placed on such after-acquired property at the time of acquisition thereof.

There are expressly excepted from the lien of the Mortgage, whether now owned or hereafter acquired, certain real estate not used in the public utility business, real estate held by the Company in the name of a nominee, cash and securities not specifically pledged under the Mortgage, receivables, contracts (other than leases), materials and supplies not included in utility plant accounts, merchandise, automobiles, trucks and other transportation equipment and office furniture and equipment.

Acquisitions of Property Subject to Prior Liens

The Company covenants in the Mortgage that it will not acquire any property subject to a prior lien (other than a permitted lien):

- if the principal amount of prior lien bonds outstanding thereunder and under other prior liens upon such prior lien property exceeds 66-2/3% of the fair value of such part of such property as shall consist of property of the character of property additions; and

- unless the net earnings of such property for any twelve-month period within the immediately preceding fifteen-month period shall have been at least two and one-half times the annual interest on all prior lien bonds secured by prior liens on such property.

The Company also covenants that it will not transfer all or substantially all of its property to any other corporation, the property of which is subject to a prior lien, unless the property of such other corporation could be acquired by the Company under the provisions of such covenant with respect to the acquisition of property subject to a prior lien.

The Company covenants that it will not issue additional prior lien bonds under any prior lien, and that as soon as all prior lien bonds shall cease to be outstanding under any prior lien, the Company will promptly procure or cause to be procured the cancellation and discharge of such prior lien. The Company further covenants that upon the discharge of a prior lien it will cause any cash on deposit with the prior lien trustee (other than cash deposited for the payment or redemption of outstanding prior lien bonds) to be deposited with the Mortgage Trustee, except to the extent required to be deposited with the trustee under another prior lien.

Release of Property from Mortgage

Provided that the Company is not in default under the Mortgage, the Mortgage allows the Company to release property from the lien of the Mortgage in connection with its sale or other disposition. Under these provisions, the Company may obtain the release of mortgaged property by

- delivering to the Mortgage Trustee specified certificates describing the property to be sold or disposed and the consideration to be received and stating its fair value;

- delivering an opinion of counsel as to compliance with the provisions of the Mortgage governing such release; and

- depositing cash with the Mortgage Trustee in an amount equal to the fair value of the property to be released, subject to reduction or elimination as hereinafter described.

"*Fair value*" is defined as the fair value to the Company of the property in question. Fair value is determined by one of the Company's engineers; however, a determination by an independent engineer is also required if the fair value of the property in question exceeds 1% or more of the outstanding principal amount of the bonds under the Mortgage. The required cash deposit may be reduced, or eliminated entirely, by utilizing net property additions or bondable bond retirements not previously utilized under the Mortgage.

The Company has used these provisions from time to time to release substantial amounts of property from the lien of the Mortgage. In December 1999, the Company obtained the release of its fossil generation assets in connection with their sale to a third party. In January 2001, the Company obtained the release of, among other things, its nuclear generation assets in connection with their transfer to its affiliate, Exelon Generation Company, LLC, as part of a restructuring undertaken by its parent corporation, Exelon Corporation. In both cases, the releases were accomplished without the deposit of cash due to the availability of sufficient amounts of unutilized bondable bond retirements and net property additions.

Issuance of Additional Bonds

The Mortgage provides that no bonds may be issued which, as to security, will rank ahead of the First Mortgage Bond but, as indicated below, the Company may, subject to certain limitations, acquire property subject to prior liens.

The aggregate principal amount of other bonds that may be issued under the Mortgage and that, as to security, will rank equally with the First Mortgage Bond is not limited except as indicated below. Additional bonds of any series may be issued, subject to the provisions of the Mortgage, in principal amount equal to

- 66-2/3% of net property additions not previously utilized under the Mortgage,
- the amount of cash deposited with the Mortgage Trustee as the basis for the issuance of those bonds and
- the amount of bondable bond retirements not previously utilized under the Mortgage;

provided, however, that no bonds may be issued on the basis of net property additions or deposited cash, or on the basis of bondable bond retirements if the bonds to be issued bear a higher rate of interest than that borne by the bonds retired or being retired (except when the bonds retired or being retired mature within two years), unless the net earnings of the Company for any twelve-month period within the immediately preceding fifteen-month period shall have been equal to at least two and one-half times the annual interest on all bonds then outstanding under the Mortgage, including the bonds then proposed to be issued but not including any bonds then being retired.

The Mortgage provides that cash deposited with the Mortgage Trustee as a basis for the issuance of bonds shall be:

- paid over to the Company in an amount, certified to the Mortgage Trustee, equal to 66-2/3% of the amount of net property additions not previously utilized under the Mortgage, or in an amount equal to the amount of bondable bond retirements not previously utilized under the Mortgage, or both, or
- applied to the purchase or redemption of bonds.

"*Net earnings*" means the earnings of the Company as defined in the Mortgage after deducting all charges except:

- charges for the amortization, write-down or write-off of acquisition adjustments or intangibles;
- property losses charged to operations;
- provisions for income and excess or other profits taxes imposed on income after the deduction of interest charges, or charges made in lieu of those taxes;
- interest charges; and
- amortization of debt and stock discount and expense or premium.

Any net profit or net loss from merchandising and jobbing is to be deducted from operating expenses or added to operating expenses, as the case may be. Net non-operating income from property and securities not subject to the lien of the Mortgage may be included in revenues but only to the extent of not more than 10% of the total of such net earnings. No profits or losses on the disposition of property or securities or on the reacquisition of securities shall be included in net earnings. The net earnings calculation under the Mortgage is not affected by certain accounting write-offs related to plant costs.

Except as set forth above, the Mortgage does not limit the amount of additional bonds which can be issued; and it does not contain any restrictions on the issuance of unsecured indebtedness. In addition, the Mortgage does not prohibit a merger or sale of substantially all of the Company's assets or a comparable transaction, unless the lien of the Mortgage is impaired, and does not address the effect on bondholders of a highly leveraged transaction.

Property Additions/Bondable Bond Retirements

At March 31, 2008, the amount of net property additions not utilized under the Mortgage was approximately $33 million, and the amount of bondable bond retirements not previously utilized under the Mortgage was approximately $1.9 billion. The First Mortgage Bond will be issued on the basis of bondable bond retirements.

"*Bondable bond retirements*" means an amount equal to the principal amount of bonds retired by application of funds deposited with the Mortgage Trustee for cancellation, whether or not such deposit of funds or surrender of bonds is pursuant to a sinking fund or purchase fund.

"*Net property additions*" means the amount of $50,000,000, plus the cost or fair market value as of the mortgage date of acquisition thereof, whichever is less, of property additions, less all "current provisions for depreciation" made by the Company after December 1, 1944, after deducting from such current provisions for depreciation the amount of the "renewal fund requirement," if any, for the year 1945 and subsequent years.

"*Current provisions for depreciation*" for any period means the greater of:

- the total of the amounts appropriated by the Company for depreciation during that period on all property of the character of property additions not subject to a prior lien, increased or decreased, as the case may be, by net salvage value for that period, such amounts not to include, however, provisions for depreciation charged to surplus, charges to income or surplus for the amortization, write-down or write-off of acquisition adjustments or intangibles, property losses charged to operations or surplus, or charges to income in lieu of income and excess or other profits taxes; and

- an amount equal to one-twelfth of 2% for each calendar month of that period (or such lesser percentage, as may, at stated intervals, be certified by an independent engineer as adequate) of the original cost, as of the beginning of that month, of all depreciable property of the character of property additions not subject to a prior lien.

Renewal Fund Requirement

The Company covenants that it will, for each year, pay or cause to be paid to the Mortgage Trustee an amount of cash, as and for a renewal fund, equal to the excess, if any, of current provisions for depreciation for that year over the cost or fair market value as of the mortgage date of acquisition thereof, whichever is less, of property additions for that year, such amount, which will be the renewal fund requirement for such year, to be subject to reduction by an amount equal to the amount, certified to the Mortgage Trustee, of net property additions or bondable bond retirements, or both, not previously utilized under the Mortgage. There was no renewal fund requirement for any of the years 1945 through 1988, 1991, 1992, 1997 through 2003, 2005 or 2006. There was a $140.7 million renewal fund requirement for 1989, a $1 million requirement for 1990, a $50.9 million requirement for 1993, a $193.6 million requirement for 1994, a $15.0 million requirement for 1995, a $139.9 million requirement for 1996 and a $270.7 million requirement for 2004. In 1989, 1990, 1993, 1994 and 2004, the renewal fund requirement was satisfied by certifying an equivalent amount of net property additions. In 1995 and 1996, the renewal fund requirement was satisfied by certifying an equivalent amount of bondable bond retirements.

Modification of Mortgage

In general, modifications or alterations of the Mortgage and of the rights and obligations of the Company and of the bondholders, and waivers of compliance with the Mortgage, may, with the approval of the Company, be made at a meeting of bondholders upon the affirmative vote of bondholders owning 80% of the principal amount of the bonds entitled to vote at the meeting with respect to the matter involved, but no such modifications or alterations or waivers of compliance shall be made which will permit the extension of time or times of payment of the principal of or the interest or the premium, if any, on any bonds or the reduction in the principal amount thereof or in the rate of interest or the amount of any premium thereon, or any other modification in the terms of such principal, interest or premium, which terms of payment are unconditional, or, otherwise than as permitted by the Mortgage, the

creation of any lien ranking prior to or on a parity with the lien of the Mortgage with respect to any of the mortgaged property, all as more fully provided in the Mortgage.

Pending Amendment to Mortgage

We are amending the Mortgage in order to remove the current requirement that the mortgage trustee maintain its principal office in Chicago, Illinois. The immediate purpose of this amendment is to accommodate the desire of the current mortgage trustee to consolidate its trust affiliates into a single company, The Bank of New York Trust Company, N.A., whose principal office is located in Los Angeles, California. We also believe that lifting the restriction provides greater flexibility in selecting future trustees, should such a selection be necessary or desirable. The amendment is reflected within the Supplemental Indenture dated as of April 23, 2008, and owners of the Bonds will be deemed to have consented to that amendment by virtue of their acceptance of those Bonds. The amendment, however, will not become effective until it has received the requisite approvals under the Mortgage.

Concerning the Mortgage Trustee and the Co-Trustee

An affiliate of the Mortgage Trustee, BNY Midwest Trust Company, provides general banking services, including those as a depository, for the Company and certain of its affiliates. The Mortgage Trustee is an affiliate of the Trustee for the Bonds.

D.G. Donovan, Co-Trustee under the Mortgage, is an officer of the Mortgage Trustee.

Rights Upon Default

The Mortgage provides that in case any one or more of certain specified events (defined as "*completed defaults*") shall occur and be continuing, the Mortgage Trustee or the holders of not less than 25% in principal amount of the bonds may declare the principal of all bonds, if not already due, together with all accrued and unpaid interest thereon, to be immediately due and payable. The Mortgage Trustee upon request of the holders of a majority in principal amount of the outstanding bonds, shall waive such default and rescind any such declaration if such default is cured.

The Mortgage further provides that upon the occurrence of one or more completed defaults, the Mortgage Trustee and the Co-Trustee may proceed by such suits of law or in equity to foreclose the lien of the Mortgage or to enforce any other appropriate remedy as the Mortgage Trustee and the Co-Trustee, being advised by counsel, shall determine.

Holders of bonds have no right to enforce any remedy under the Mortgage unless the Mortgage Trustee and the Co-Trustee have first had a reasonable opportunity to do so following notice of default to the Mortgage Trustee and request by the holders of not less than 25% in principal amount of the outstanding bonds for action by the Mortgage Trustee and the Co-Trustee with offer of indemnity satisfactory to the Mortgage Trustee and the Co-Trustee against costs, expenses and liabilities that may be incurred thereby, but such provision does not impair the absolute right of any bondholder to enforce payment of the principal of and interest on such bondholder's bonds when due.

Default and Notice Thereof to First Mortgage Bondholders

The Mortgage provides that the following shall constitute completed defaults:

- default shall be made in the payment of any installment of interest on any of the bonds when due and such default shall continue for 60 days;
- default shall be made in the payment of the principal of any of the bonds when due, whether at maturity or by declaration or otherwise;

- default shall be made in the payment of any installment of interest on any prior lien bonds when due, and such default shall continue for 30 days after written notice given to the Company (following the expiration of the period of grace, if any, specified in the prior lien securing such prior lien bonds) by the Mortgage Trustee or to the Company and the Mortgage Trustee by the holders of not less than 5% in principal amount of the bonds;

- default shall be made in the payment of the principal of any prior lien bonds when due, whether at maturity or by declaration or otherwise, and such default shall continue for 30 days after written notice to the Company by the Mortgage Trustee or to the Company and the Mortgage trustee by the holders of not less than 5% in principal of the bonds;

- bankruptcy, receivership or similar proceedings shall be initiated by the Company, or any judgment entered in such proceedings initiated against the Company shall not have been vacated, set aside or stayed within 45 days after the entry thereof; and

- default shall be made in the observance or performance of any other of the covenants, conditions or agreements on the part of the Company contained in the Mortgage or in the bonds or in any prior lien or prior lien bonds, and such default shall continue for 90 days after written notice to the Company and the Mortgage Trustee by the holders of not less than 25% in principal amount of the bonds.

Within 90 days after the occurrence of any default which is known to the Mortgage Trustee and the Co-Trustee, the Mortgage Trustee and the Co-Trustee shall give to the bondholders notice of such default unless it shall have been cured; except that, in case of defaults in the payment of principal of or interest on the bonds, or in the payment of any sinking fund or purchase fund installment, the Mortgage Trustee, or any one or more of them, shall in good faith determine that the withholding of such notice is in the interests of the bondholders and the Co-Trustee shall in good faith determine that the withholding of such notice is in the interests of the bondholders.

Default Mandatory Redemption

The First Mortgage Bond shall be redeemed promptly, without notice, by the Company in whole at 100% of the principal amount thereof plus accrued interest to the date of redemption following receipt by the Mortgage Trustee of written notice from the Trustee stating that the principal of the Bonds has been declared to be immediately due and payable as a result of an event of default under the Indenture.

Certificates and Opinions

Officers' certificates evidencing compliance with the covenants in the Mortgage relating to the payment of taxes and the maintenance of insurance on properties of the Company subject to the lien of the Mortgage must be filed as exhibits to the certificate of the Company filed annually with the Mortgage Trustee. In connection with the taking of various actions by the Mortgage Trustee and the Co-Trustee, or the Mortgage Trustee upon application of the Company, including the authentication and delivery of additional bonds, the release of property, the reduction or withdrawal of cash and other matters, the Mortgage requires that the Company furnish to the Mortgage Trustee orders, requests, resolutions, certificates of the officers, engineers, accountants and appraisers, and opinions of counsel and other documents, the particular documents to be furnished in each case being dependant upon the nature of the application.

THE LOAN AGREEMENT

The following statements with respect to the Loan Agreement are brief summaries of certain provisions thereof and do not purport to be complete; such statements are subject to the detailed provisions of the Loan Agreement, including the definitions of the terms used under this caption. Wherever defined terms of the Loan Agreement are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Issuance of the Bonds; Loan of Proceeds

The Authority is issuing the Bonds for the purpose of refunding the Prior Bonds, the proceeds of which were used to refund a portion of the bonds previously issued to finance a portion of the Company's costs of the Project. The proceeds from the sale of the Bonds will be deposited with and held by the trustee under the indenture of trust securing such Prior Bonds.

The proceeds of the Bonds will be used to finance the refunding of the Prior Bonds on the redemption date of such Prior Bonds. The Company will pay the remaining cost of such redemption from its available funds.

Loan Repayments

The Company agrees to pay to the Trustee, for so long as any Bonds are Outstanding, on or before each date upon which the principal of, or the premium, if any, or interest on, the Bonds is payable in accordance with the provisions of the Indenture, a sum which, together with other money available therefor under the Indenture, will equal the sum of the principal of, and the premium, if any, and interest on, the Bonds which will be payable on such date (whether at maturity or by redemption or otherwise in accordance with the terms of the Indenture). In furtherance of the foregoing, so long as any Bonds are Outstanding, the Company will pay or cause to be paid all amounts required to prevent any deficiency or default in any payment of the principal of, the premium, if any, and interest on, and the purchase price of, the Bonds, including any deficiency caused by an act or failure to act by the Trustee, the Company, the Authority or any other person. The Company shall receive a credit against its obligation to make any payments on the First Mortgage Bond in an amount equal to the amount, if any, paid by or for the account of the Company under the Loan Agreement or the Indenture. Whenever payment or provision therefor has been made in respect of the principal of or premium, if any, or interest on all or any portion of the Bonds in accordance with the Indenture (whether at maturity or upon redemption or acceleration or upon provision for payment in accordance with the Indenture), the First Mortgage Bond shall be deemed paid in a principal amount equal to the principal amount of the Bonds being paid, to the extent such payment or provision therefor has been made and is considered to be a payment of principal, premium, if any, or interest on such Bonds. Subject to the foregoing or unless the Company is entitled to a credit under the Loan Agreement or the Indenture, all payments shall be in the full amount required under the First Mortgage Bond.

Payments on the First Mortgage Bond will be deposited with the Trustee and applied, along with any other funds on deposit for such purpose, to payments of principal of and premium, if any, and interest on the Bonds. The payments so deposited will be deemed to be like payments by the Company with respect to the First Mortgage Bond and will be credited against the Company's obligation to make payments on such First Mortgage Bond.

Such payments will be pledged under the Indenture by the Authority to the Trustee, and the Company is to make all such payments directly to the Trustee.

The Company's obligation to make payments under the Loan Agreement and under the First Mortgage Bond will be absolute and unconditional, without defense, recoupment or set-off by reason of any default by the Authority under the Loan Agreement or under any other agreement between the Company and the Authority or for any other reason.

Taxes; Expenses

The Company will promptly pay, as the same become due, all lawful taxes, assessments and governmental charges of any kind whatsoever including, without limitation, income, profits, property and excise taxes levied or assessed by federal, state or any local government upon the Authority with respect to payments under the Loan Agreement. The Authority agrees to give the Company prompt notice of any such taxes, assessments or governmental charges. The Company may, at its expense, in good faith contest any such taxes, assessments or other charges.

The Company is obligated to pay certain expenses of the Authority, the Trustee and agents serving under the Indenture, including the compensation and reimbursement of expenses of the Trustee and such agents.

Tax-exempt Status of the Bonds

The Company covenants and agrees that it will not knowingly take or authorize or permit, to the extent such action is within the control of the Company, any action which will result in the loss of the exclusion of interest on the Bonds from gross income of the owners of the Bonds for federal income tax purposes; and the Company also will not knowingly omit to take any action in its power which, if omitted, would cause such result.

The Authority, to the extent it has control over the proceeds of the Bonds and subject to the limitation on its liability as provided in the Loan Agreement and the Indenture, and the Company covenant and represent to each other and to and for the benefit of the purchasers and owners of the Bonds that so long as any of the Bonds remain Outstanding, amounts on deposit in any fund in connection with the Bonds, whether or not such amounts were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the *"Code"*), and any lawful regulations promulgated thereunder, as the same currently exist or may from time to time hereafter be amended, supplemented or revised. The Company and the Authority also each covenants for the benefit of the Bondholders to comply with all of the provisions of the Tax Agreement.

Credit Facilities

The Company may at any time provide a Credit Facility with respect to any Bonds and terminate any such Credit Facility; provided that no such termination may be effected with respect to the Bonds during any Commercial Paper Rate Period, Fixed Rate Mode, Indexed Mode or Term Rate Period then applicable with respect to the Bonds. The Company may substitute a Credit Facility for any Credit Facility then in effect; provided that no such substitution may be made with respect to the Bonds during any Commercial Paper Rate Period, Fixed Rate Mode, Indexed Mode or Term Rate Period then applicable with respect to the Bonds. Prior to the provision or termination by the Company of any Credit Facility (whether in connection with the substitution of an existing Credit Facility or otherwise), there shall be delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the delivery or termination, as the case may be, of such Credit Facility is permitted under the Indenture and the Loan Agreement and complies with the terms of the Loan Agreement and that the delivery or termination, as the case may be, of such Credit Facility will not adversely affect the tax-exempt status of interest on the Bonds and an Opinion of Counsel to the effect that such Credit Facility is the legal, valid and binding obligation of the Credit Facility Provider, enforceable in accordance with its terms. Upon provision of a Credit Facility to the Trustee and the foregoing Opinion of Bond Counsel to the Authority and the Trustee, the Trustee shall accept such Credit Facility and, if so directed by the Company, upon the effective date of the Credit Facility promptly surrender the previously held Credit Facility, if any, in accordance with the respective terms thereof for cancellation. If at any time there shall cease to be any Bonds Outstanding secured by a Credit Facility or provision for payment of such Bonds has been made in accordance with the defeasance provisions of the Indenture, the Trustee shall promptly surrender such Credit Facility in accordance with the terms of the Credit Facility for cancellation. The Trustee shall comply with the procedures set forth in the Credit Facility relating to the termination thereof.

Not less than 15 days (or such shorter period as is acceptable to the Trustee) prior to the termination, removal, substitution or delivery of any such Credit Facility or the expiration of an existing Credit Facility with respect to the Bonds, the Company shall send written notice of such termination, removal, substitution, delivery or extension to the Trustee together with, as applicable, an agreement to extend the Credit Facility.

Merger and Consolidation

The Company agrees that during the term of the Loan Agreement and so long as any Bond is outstanding, it will maintain its existence, will not dissolve, liquidate or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another legal entity or permit one or more other legal entities (other than one or more subsidiaries of the Company) to consolidate with or merge into it. Any dissolution, liquidation, disposition, consolidation or merger (a "*Transaction*") shall be subject to the following conditions, among others:

- the Company provides a certificate to the Authority and Trustee, in form and substance satisfactory to such parties, to the effect that no event of default exists under the Loan Agreement or the Indenture and that no event of default thereunder will be caused by the Transaction;

- the entity surviving the Transaction (the "*Survivor*") is organized and existing under the laws of the United States, a state thereof or the District of Columbia and assumes in writing and without condition or qualification the obligations of the Company under each of the Loan Agreement, the Tax Agreement, the Purchase Contract, the Initial Reimbursement Agreement, the Remarketing Agreement, the Supplemental Indenture and the First Mortgage Bond (collectively, the "*Company Agreements*");

- such dissolution, liquidation, disposition, consolidation or merger is permitted under the Mortgage;

- the Company or the Survivor, within ten days after execution thereof, furnishes to the Authority and Trustee a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger;

- neither the validity nor the enforceability of the Bonds, the Indenture or any material agreement related to the Bonds to which the Company is a party is adversely affected by the Transaction;

- the exclusion of the interest on the Bonds from gross income for federal income tax purposes is not adversely affected by the Transaction, and the provisions of the Act, the Indenture and the Company Agreements then in effect are complied with concerning the Transaction;

- no rating on the Bonds, if the Bonds are then rated, is reduced or withdrawn as a result of the Transaction;

- the Project continues to be as described in the Loan Agreement;

- any successor to the Company shall be qualified to do business in the State of Illinois and shall continue to be qualified to do business in the State throughout the term of the Loan Agreement; and

- the Authority has executed a certificate acknowledging receipt of all documents, information and materials described above.

Defaults and Remedies

Each of the following events will constitute an "*event of default*" under the Loan Agreement:

(a) failure by the Company to pay any loan repayments under the Loan Agreement on the dates and in the manner specified therein and the continuation of such failure after the expiration of any grace period applicable to the First Mortgage Bond under the Mortgage (see "THE FIRST MORTGAGE BOND AND THE MORTGAGE – Default and Notice Thereof to First Mortgage Bondholders"); or

(b) failure by the Company to observe and perform any of its Loan Agreement covenants or agreements, other than as referred to in clause (a) above, which shall occur and continue for a period of 60 days after receipt by the Company of written notice from the Authority or the Trustee, specifying such failure and requesting that it be remedied, unless (A) the Authority and the Trustee agree in writing to extend such time prior to its expiration or (B) the failure is such that it can be corrected (but not within such 60 day period) and corrective action is instituted by the Company within such 60-day period and diligently pursued until such failure is corrected; or

(c) the occurrence and continuation of an event of default under the Mortgage; or

(d) the occurrence and continuation of an event of default under the Indenture.

The failure to observe any covenant, agreement or representation referred to in clause (b) above, which failure results in interest on the Bonds becoming includible for federal income tax purposes in the gross income of any owner of a Bond (other than an owner who is a "substantial user" of the Project or a "related person" as defined in Section 103(b)(13) of the 1954 Code) shall not be an event of default under the Loan Agreement, and shall not give rise to any action by any Bondholders for breach of such covenant, agreement or representation so long as the Company is proceeding to redeem the First Mortgage Bond in order to effect the redemption of the Bonds upon a Determination of Taxability as described above (see "THE BONDS – Mandatory Redemption").

The Trustee, as assignee of the Authority and as an owner of the First Mortgage Bond, may, upon the occurrence of any event of default under the Mortgage, shall have the remedies provided in the Mortgage for owners of bonds issued under it. See "THE FIRST MORTGAGE BOND AND THE MORTGAGE – Rights Upon Default."

In addition to such remedies, the Authority (on its behalf and without the consent of the Trustee) or the Trustee, as assignee of certain rights of the Authority, may at any time take action at law or in equity to collect any payments then due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under the Loan Agreement.

Any amounts collected upon an Event of Default under the Loan Agreement will be deposited with the Trustee and applied in accordance with the Indenture.

Amendments

The Loan Agreement may be amended subject to the limitations contained in the Indenture. See "THE INDENTURE — Amendment of the Loan Agreement or First Mortgage Bond."

THE INDENTURE

The following statements with respect to the Indenture are brief summaries of certain provisions thereof and do not purport to be complete; such statements are subject to the detailed provisions of the Indenture, including the definitions of the terms used under this caption. Wherever defined terms of the Indenture are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Pledge and Assignment

To secure the payment of the Bonds, the Authority pledges, assigns and grants a security interest to the Trustee in the following:

- all Revenues, which include all amounts received by the Authority or the Trustee for the account of the Authority pursuant to or with respect to the Loan Agreement, including, without limitation, Loan Repayments, prepayments, insurance proceeds, condemnation proceeds, and all interest, profits, or other income derived from the investment of amounts on any fund or account established pursuant to the Indenture, but not including any Administrative Fees and Expenses or any money required to be deposited in the Rebate Fund or the Purchase Fund,

- any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (other than the Purchase Fund and the Rebate Fund) and

- the First Mortgage Bonds

(collectively, such Revenues, other amounts and the First Mortgage Bonds are referred to as the "*Trust Estate*"). In addition, the Authority grants a security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, all of the right, title and interest of the Authority in the Loan Agreement (except for (i) the

right to receive any Additional Authority Payments to the extent payable to the Authority under the Loan Agreement, (ii) Unassigned Authority Rights, and (iii) the obligation of the Company to make deposits pursuant to the Tax Certificate and Agreement).

Application of Proceeds

All of the proceeds received by the Authority upon the sale of the Bonds shall be deposited with the Trustee for further deposit with the prior trustee under the Indenture governing the Prior Bonds. Such funds, together with additional amounts deposited with the Prior Trustee by the Company, will be used to provide for the payment of the principal of and premium and accrued interest to the redemption date on the Prior Bonds.

Defaults

Each of the following events will constitute an "*Event of Default*" under the Indenture:

- default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable;
- default in the due and punctual payment of any installment of interest on any Bond when and as the same shall become due and payable;
- default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Credit Facility Provider (if any) or the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding;
- the occurrence of an event of default under the Loan Agreement;
- receipt by the Trustee of written notice from the Credit Facility Provider, if any, that an "Event of Default" (as defined in the Reimbursement Agreement) has occurred under a Reimbursement Agreement (which notice may include a statement that the amount available for interest drawings under the Credit Facility will not be reinstated) and requesting acceleration of the Bonds; or
- a failure to pay the Purchase Price when due.

Remedies and Rights of Bondholders

During the continuance of an Event of Default described in the first four bulleted sentences in the preceding section, unless the principal of all the Bonds shall have already become due and payable, the Trustee upon the written request of the Credit Facility Provider, if any, or the Holders of not less than 66-2/3% in aggregate principal amount of the Bonds at the time Outstanding with the consent of the Credit Facility Provider, if any, or upon the occurrence of an Event of Default described in the fifth and sixth bulleted sentence in the preceding section, the Trustee shall, promptly upon such occurrence, by notice in writing to the Authority, the Company and the Credit Facility Provider, if any, declare the principal of all the Bonds then Outstanding and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration, the Trustee shall promptly draw upon any then existing Credit Facility in accordance with its terms and apply the amount so drawn to pay the principal of and interest on the Bonds enhanced by such Credit Facility so declared to be due and payable. Interest on the Bonds shall cease to accrue as of the date of declaration. The Trustee, as promptly as feasible following acceleration of the Bonds, shall notify the Bondholders of the date of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption; provided, however, that failure to give such notice shall not affect the acceleration of the Bonds. In the event that the principal of or interest on Bonds shall be paid by the Credit Facility Provider pursuant to the terms of the Credit

Facility (i) the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the Bondholders shall continue to exist, such Bonds shall still be considered outstanding and the Credit Facility Provider shall be fully subrogated to all of the rights of such Bondholders in accordance with the foregoing terms and conditions and the provisions of the Credit Facility, and (ii) the Authority will pay to the Credit Facility Provider the principal of and interest on such Bonds, but only from the sources and in the manner provided in the Indenture.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered as provided, and before any Credit Facility has been drawn upon in accordance with its terms and honored, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal as provided in the Loan Agreement, and the reasonable fees and expenses of the Trustee, including reasonable fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee and the Credit Facility Provider, if any, or provision deemed by the Trustee and the Credit Facility Provider, if any, to be adequate shall have been made therefor, then, and in every such case, the Credit Facility Provider, if any, or the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, with the written consent of the Credit Facility Provider, if any, and confirmation that the Credit Facility, if any, has been reinstated to the Required Stated Amount, by written notice to the Authority and to the Trustee, may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon; and provided further that no such recission and annulment shall be permitted with respect to an Event of Default described under the 5th bullet sentence above unless the Credit Facility Provider confirms that, in addition to reinstating the Credit Facility to the Required Stated Amount, that the Credit Facility will not be terminated in accordance with its terms and that the notice of default has been rescinded. Notwithstanding any other provision of the Indenture except as provided in the following sentence, the Trustee may not exercise any remedy in the event of an Event of Default described in the first four bulleted sentences in the preceding section without the written consent of the Credit Facility Provider, if any, so long as the Credit Facility is in effect and the Credit Facility Provider, if any, is not in default under its payment obligations under the Credit Facility. The Trustee may exercise any and all remedies under the Indenture and the Loan Agreement (except acceleration) to collect any fees or expenses due from the Company to the Trustee or the Authority without obtaining the consent of the Credit Facility Provider, if any; provided that the Trustee shall first provide written notice to the Credit Facility Provider, if any, of its intent to exercise such remedies and provide the Credit Facility Provider, if any, with an opportunity to cure any failure of the Company with respect to such fees, expenses and indemnification prior to exercising any such remedy.

The Trustee, as the assignee of certain rights, titles and interests of the Authority in and to the Loan Agreement, may enforce each and every right, title and interest so assigned.

The Trustee may enforce any rights under the Indenture even if it does not possess any of the Bonds or does not produce any of them in the proceeding. No delay or omission by the Trustee, the Credit Facility Provider (if any) or any Bondholder in exercising any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of or acquiescence in any such default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust of the Indenture or any other remedy thereunder, unless, among other things, such Holder shall have given to the Trustee written notice of the occurrence of the Event of Default, the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made a written request to the Trustee, either to exercise the powers granted or to institute such action, suit or proceeding and shall have offered to the Trustee proper indemnity, and the Trustee shall for 60 days after such notice, request and offer of indemnity fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the

enforcement of the Indenture, or for the appointment of a receiver or for any other remedy thereunder. No one or more Holders of the Bonds shall have any right in any manner whatsoever to enforce any right under the Indenture except in the manner therein provided, and all proceedings at law or in equity shall be instituted, had and maintained in the manner provided therein and for the equal and ratable benefit of the Holders of all Bonds then outstanding. Nothing contained in the Indenture shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of and premium, if any, and interest on any Bond at and after the maturity thereof.

So long as the Credit Facility Provider is not in default under the Credit Facility, the Credit Facility Provider shall be deemed to be the owner of the Bonds for the purpose of all approvals, consents, waivers or institution of any action and the direction of all remedies, except as otherwise provided in the Indenture, including, without limitation, taking any action with respect to the amendment or enforcement of the First Mortgage Bond.

Defeasance

The Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture on the Bonds by the Authority:

- by paying or causing to be paid the principal or Redemption Price of and interest on the Bonds, as and when the same become due and payable, but, if a Credit Facility which is a letter of credit is in effect, such payment must be made from money paid pursuant to the Credit Facility;

- by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem all Bonds then Outstanding, but, if a Credit Facility which is a letter of credit is in effect, such payment must be made (or such securities must be provided) from money paid pursuant to the Credit Facility; provided that prior to any such deposit the Trustee shall have received from each Rating Agency then rating the Bonds, written confirmation that such action will not result in a reduction or withdrawal of the ratings on the Bonds; the money or securities so to be deposited or held by the Trustee pursuant to this bulleted sentence shall be:

  - lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity (based on the Maximum Rate for periods for which the actual interest rate is not known), except that, in the case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date (based on the Maximum Rate for periods for which the actual interest rate is not known); or

  - Investment securities consisting of

    (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in subparagraph (2) below), or

    (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America (not callable by their issuer prior to maturity, unless such call by the issuer was anticipated in the verification report relating to the escrow of which such investment securities are a part),

    the principal of and interest on which when due (without any income from its reinvestment) will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed (based on the Maximum Rate for periods for which the actual interest rate is not known), as such principal or Redemption Price and interest become due, provided that, in the case of Bonds that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given

as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by request of the Authority) to apply such money to the payment of such principal or Redemption Price and interest on such Bonds. However, if a Credit Facility then secures the Bonds, such money or investment securities shall be paid from the fund derived from the Credit Facility, if it is a letter of credit.

- by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority and no amounts are owing under the Credit Facility (if any) and such Credit Facility is cancelled, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture and upon receipt by the Trustee and the Credit Facility Provider (if any) of an Opinion or Opinions of Counsel to the effect that the obligations under the Indenture and the Bonds have been discharged, and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture shall be completely discharged and satisfied, except as otherwise provided in the Indenture.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate, become void and be completely discharged and satisfied, except only that thereafter the Holder thereof shall be entitled to payment of the principal or Redemption Price of and interest on such Bond by the Authority and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for its payment.

Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture (other than the Purchase Fund and the Rebate Fund).

Notwithstanding any provisions of the Indenture, any money held by the Trustee in trust for the payment of Redemption Price or the principal of, or interest on, any Bonds and remaining unclaimed for four years (or, if less, one day before such moneys would escheat to the State of Illinois under then applicable Illinois law) after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if that money was so held at such date, or four years (or, if less, one day before moneys would escheat to the State of Illinois under then applicable Illinois law) after the date of deposit of moneys if deposited after the date when all of the Bonds became due and payable, shall be repaid to the Company (unless such moneys are proceeds of the Credit Facility and moneys are owed to the Credit Facility Provider (if any) by the Company, in which event to the Credit Facility Provider (if any)) free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Trustee indemnifying the Trustee with respect to claims of Holders of Bonds that have not yet been paid, and all liability of the Trustee with respect to that money shall cease; provided, however, that before that repayment of such moneys to the Company or the Credit Facility Provider (if any), the Trustee may (at the cost of the Company) first mail to the Holders of Bonds that have not yet been paid, at the addresses shown on the bond registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Company or the Credit Facility Provider (if any) of the money held for their payment.

Supplemental Indenture

The Indenture may be modified or amended from time to time by the Authority and the Trustee, with notice to and the consent of other parties as provided in the Indenture, without the consent of the Bondholders but with the consent of the Credit Facility Provider, if any, if the Trustee determines that the provisions of the supplemental indenture implementing such modifications and amendments will not materially adversely affect the interests of Holders, including, without limitation, for any one or more of the following purposes:

- to add to the covenants and agreements of the Authority subsequently to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power in the Indenture reserved to or conferred upon the Authority;

- to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable and not inconsistent with the Indenture;

- to modify, amend or supplement the Indenture in such manner as to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such act or similar federal statute;

- to make the Bonds eligible for deposit with any Securities Depository;

- to obtain a rating on the Bonds;

- to conform to the terms and provisions of any liquidity facility delivered pursuant to the Indenture or any Credit Facility; or

- to make any modification or amendment to the Indenture, even if consent of Holders would otherwise be required, (i) if such amendment will be effective upon the remarketing of Bonds following a mandatory purchase, as described above under "THE BONDS – Mandatory Purchase of Bonds" or (ii) with respect to Bonds in a Daily Mode or a Weekly Mode only, if notice of such proposed modification or amendment is given to Holders (in the same manner as notices of redemption are given) at least 15 days before the effective date thereof and on or before such effective date, the Holders have the right to demand purchase of their Bonds as described under "THE BONDS -- Purchase of Bonds on Demand of Owner"; provided, that, on or prior to the effective date of such modification or amendment, the Trustee shall obtain a Favorable Opinion of Bond Counsel.

The Indenture also may be modified or amended from time to time when the written consent of (i) the Credit Facility Provider, if any (so long as the Credit Facility is in effect or any amounts are owing to the Credit Facility Provider, if any, and the Credit Facility Provider, if any, is not then in default under its payment obligations under the Credit Facility), (ii) the Company (provided it is not in default under the Loan Agreement) and (iii) the Holders of a majority in aggregate principal amount of all Bonds then Outstanding (if the Credit Facility is no longer in effect or the Credit Facility Provider, if any, is then in default under its payment obligations under the Credit Facility), shall have been filed with the Trustee. No such modification or amendment shall:

- extend the fixed maturity of any Bond, or reduce the amount of principal, or change the method of computing the rate of interest, or extend the time of payment of interest, or reduce any premium payable upon redemption, without the consent of the Holder of each Bond so affected, or

- reduce the percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as

expressly provided in the Indenture), without the consent of the Holders of all of the Bonds then Outstanding, or

- modify any of the rights or obligations of the Trustee without its prior written consent; nor shall the Trustee be required to consent to any such amendment that adversely affects its rights or obligations under the Indenture or under the Loan Agreement, the Credit Facility or the Remarketing Agreement.

It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture described in this paragraph, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency then rating the Bonds, to the Credit Facility Provider, if any, the Company and to the Holders of the Bonds at the addresses shown on the bond registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Amendment of the Loan Agreement or First Mortgage Bond

The Loan Agreement or the First Mortgage Bond may be amended with the prior written consent of the Trustee and the Credit Facility Provider, but without the consent of or a notice to any of the Holders, or the Authority and the Company may consent to the amendment or modification thereof in any manner not inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- to cure any ambiguity or formal defect in the Loan Agreement or the First Mortgage Bond;

- to grant to or confer upon the Authority or Trustee, for the benefit of the Holders, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Authority or the Trustee;

- to amend or modify the Loan Agreement, or any part thereof, in any manner specifically required or permitted by the terms thereof, including, without limitation, as may be necessary to maintain the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds;

- to provide that Bonds may be secured by a Credit Facility or other additional security not otherwise provided for in the Indenture or the Loan Agreement;

- to modify, amend or supplement the Loan Agreement, or any part thereof, or any supplement thereto, in such manner as the Trustee, the Company and the Remarketing Agent deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to tax-exempt obligations of the type that includes the Bonds;

- to provide for the appointment of a successor Securities Depository;

- to provide for the availability of certificated Bonds;

- to provide for the addition of any interest rate mode, or to provide for the modification or deletion of any interest rate mode so long as no Bonds will be operating in the interest rate mode when it is to be so modified or deleted, or to amend, modify or alter the interest rate setting provisions, tender provision or conversion provisions for any then existing interest rate mode so long as no Bonds will be operating in the interest mode when such provisions are to be so amended, modified or altered;

- to provide for the appointment of a liquidity provider and the application of a liquidity facility as described in the Indenture;

provided that, in each case, there is delivered to the Trustee an Opinion of Bond Counsel stating that any such addition, deletion, amendment, modification or alteration will not adversely affect any exclusion from gross income

for purposes of federal income taxation of interest on the Bonds. In addition, the Loan Agreement or the First Mortgage Bond may be amended with the written consent of the Trustee and the Credit Facility Provider, but without the consent of or a notice to any of the Holders, to make any other change which does not, in the opinion of the Trustee, have a material adverse effect upon the interests of the Holders.

In addition, the Trustee may, with the consent of the Credit Facility Provider, if any, grant such waivers of compliance by the Company with the provisions of the Loan Agreement as to which the Trustee may deem necessary or desirable to effectuate the purposes or the intent of the Loan Agreement and which, in the opinion of the Trustee, do not have a material adverse effect upon the interests of the Bondholders, provided that the Trustee shall file with the Authority any and all such waivers granted by the Trustee within three business days thereof.

The Indenture provides that the Bonds are initially secured by the Initial Credit Facility and no separate facility providing for the payment of the Purchase Price of Bonds tendered and not remarketed is required. If a Substitute Credit Facility is delivered that does not include provision for the payment of the Purchase Price of unremarketed Bonds, and if the Bonds are in a Mode in which the Bonds may be tendered for purchase, the Indenture and the Loan Agreement may be amended by the Authority upon the request of the Company to provide for a liquidity facility for the Bonds in addition to such Substitute Credit Facility. No consent shall be required of the Bondholders to any such amendment.

The Trustee

Except during the continuance of an Event of Default, the Trustee will undertake to perform such duties and only such duties as are specifically set forth in the Indenture. During the existence of any Event of Default (that has not been cured), the Trustee shall exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Trustee may at any time resign by giving written notice to the Authority, the Company, the Credit Facility Provider (if any), the Remarketing Agent (if any) and the Holder of each Bond. Such resignation will only take effect upon the acceptance of appointment by a successor trustee. The Authority may, and upon written request of the Company shall, remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint, with the written consent of the Company, a successor Trustee by an instrument in writing. In each case, such removal will only take effect upon the acceptance of appointment of the successor trustee. Notwithstanding any other provision of the Indenture to the contrary, no removal, resignation or termination of the Trustee may take effect until a successor trustee has accepted appointment.

The Trustee must at all times be a trust company or bank having the powers of a trust company in the State of Illinois, having a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority, and having an office in Illinois.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 (the "*Rule*") promulgated by the Commission, the Company will covenant in a Continuing Disclosure Agreement (the "*Continuing Disclosure Agreement*") for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, to take the following actions:

- The Company will:
  - file annual reports on Form 10-K as required under Sections 13 or 15(d) of the Exchange Act, or
  - if the Company is not required to file a Form 10-K under the Exchange Act at any time during the term of the Bonds, provide to each nationally recognized municipal securities information repository ("*NRMSIR*") and to each state information depository, if any, for the State of Illinois (none currently exists) (the "*SID*"), in each case as designated by the Commission in accordance with the Rule, (1) certain financial and operating data relating to the Company and comparable to certain information contained in a Form 10-K and (2) audited financial statements prepared in accordance with generally accepted accounting principles, in each case not later than 120 days after the end of the Company's fiscal year (the "*Annual Report*");
- The Company will provide, in a timely manner, to each NRMSIR and the SID, if any, notice of failure of the Company to provide any Annual Report on or before the date specified in the Continuing Disclosure Agreement.
- The Company will provide, in a timely manner, to each NRMSIR and the SID, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material: (i) principal and interest payment delinquencies, (ii) non-payment related defaults, (iii) any unscheduled draws on debt service reserves reflecting financial difficulties, (iv) any unscheduled draws on credit enhancements reflecting financial difficulties, (v) substitution of credit or liquidity providers, or their failure to perform, (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds, (vii) modifications to rights of Holders or Beneficial Owners of the Bonds, (viii) the giving of notice of optional or unscheduled redemption of any Bonds, (ix) defeasance of the Bonds or any portion thereof, (x) release, substitution, or sale of property securing repayment of the Bonds; and (xi) rating changes with respect to the Bonds.

These covenants have been made in order to assist the Underwriters in complying with the Rule.

The Company may modify from time to time the specific types of information provided or the format of the presentation of such information, as a result of change in its legal requirements or change in the nature of the Company; *provided* that any such modification will be done in a manner consistent with the Rule and will not, in the opinion of the Trustee (who may rely on an opinion of counsel), materially impair the interests of the holders of the Bonds.

The Company acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of each holder of the Bonds. Breach of the undertaking will not constitute a default with respect to the Bonds or the First Mortgage Bond or under the Indenture, the Mortgage or the Loan Agreement, but the undertaking may be enforced by any Beneficial Owner of the Bonds by an action for specific performance. Beneficial Owners of Bonds may wish to file their names and addresses with the Trustee for the purposes of receiving notices or giving direction under the Continuing Disclosure Agreement.

Any individual Holder or Beneficial Owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the Company to comply with any provision of the Continuing Disclosure Agreement. Any such proceedings (including any proceeding that contests the sufficiency of the information provided by the Company in accordance with the Continuing Disclosure Agreement) may be instituted and maintained only by the Holders and Beneficial Owners of not less than 25% in aggregate principal amount of the Bonds then outstanding or their agent.

The Continuing Disclosure Agreement will remain in effect only for such period that any of the Bonds are outstanding in accordance with their terms and the Company remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Company is in compliance with all of its previous continuing disclosure undertakings.

LITIGATION

The Authority

There is no pending (as to which the Authority has received service of process) or, to the knowledge of the Authority, threatened litigation against the Authority that in any way questions or materially affects the validity of the Bonds, the validity or enforceability of the Loan Agreement or the Indenture or any proceedings or transactions relating to the issuance, sale or delivery of the Bonds or that may materially adversely affect the refunding of the Prior Bonds.

The Company

There is no pending (as to which the Company has received service of process) or, to the knowledge of the Company, threatened litigation against the Company: (i) that in any way questions or materially affects the validity of the Bonds or the First Mortgage Bond, the validity or enforceability of the Loan Agreement or the Indenture or any proceedings or transactions relating to the issuance, sale or delivery of the Bonds or that may materially adversely affect the refunding of the Prior Bonds; or (ii) in which the Company's management believes an adverse determination is likely that would have a materially adverse effect on the financial position of the Company.

UNDERWRITING

SunTrust Robinson Humphrey, Inc. and Cabrera Capital Markets, LLC (the *"Underwriters"*) will agree, subject to certain conditions, to purchase the Bonds at a price equal to 100% of the principal amount thereof. The Company will pay the Underwriters a fee of $125,000 for their services as underwriters for the Bonds. The Underwriters may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof, and the offering price set forth on the cover page may be changed after the initial offering by the Underwriters.

The Purchase Contract among the Authority, the Company and the Underwriters will provide that the Underwriters will purchase all of the Bonds if any of the Bonds are purchased. The Company will agree in the Purchase Contract to indemnify the Underwriters and the Authority against certain liabilities, or to contribute to any payments required to be made by the Underwriters relating to such liabilities, including liabilities under the federal securities laws.

In the ordinary course of its business, the Underwriters and some of their affiliates have engaged and, in the future, may engage in investment banking and/or commercial banking transactions with the Company and its affiliates.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "*Code*"), and the Internal Revenue Code of 1954, as amended (the "*1954 Code*"), contain a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and the facilities financed or refinanced therewith and certain other matters. The Authority and the Company have covenanted to comply with all requirements of the Code and the 1954 Code that must be satisfied in order for the interest on the Bonds to be excludible from gross income. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income retroactive to the date of issuance of the Bonds.

Subject to the condition that the Authority and the Company comply with the above-referenced covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds will not be includible in the gross income of the owners thereof for federal income tax purposes except for interest on any Bond for any period during which the Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such

a person (within the meaning of Section 103(b)(13) of the 1954 Code). Bond Counsel is further of the opinion that interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certificates of the Authority and the Company with respect to certain material facts solely within the Authority's and the Company's knowledge relating to the property financed or refinanced with the proceeds of the Bonds and the application of the proceeds of the Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Agreement and other relevant documents may be changed and certain actions (including, without limitation, conversion of the interest mode on the Bonds and defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel has not verified these representations by independent investigation. Bond Counsel does not purport to be an expert in financial analysis, financial projections or similar disciplines. Failure of any of these factual representations to be correct may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. The opinion of Bond Counsel expresses the professional judgment of Bond Counsel regarding the legal issues expressly addressed therein. By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code or to state law, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal or state income taxation, or otherwise prevent the Owners from realizing the full current benefit of the tax status of the interest on the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending federal or state legislation, as to which Bond Counsel expresses no view.

Bond Counsel is not obligated to defend the Authority or the Company, regarding the tax-exempt status of the Bonds in the event of an examination by the IRS. Under current IRS procedures, the Owners and other parties other than each the Issuer would have little, if any, right to participate in an IRS examination of the Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt bonds is difficult, obtaining independent review of IRS positions with which the Authority or the Company legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for examination, or the course or result of such an examination, or an examination of bonds presenting similar tax issues may affect the market price, or the marketability, of the Bonds, and may cause the Authority, the Company or the Owners to incur significant expense.

Section 6049 of the Code requires information reporting for payments of tax-exempt interest, applicable to interest paid after December 31, 2005. The IRS has published transitional guidance for information reporting requirements for payments of interest on tax-exempt bonds, including circumstances under which "backup withholding" may be required.

Interest on the Bonds is not exempt from present State of Illinois income taxes.

The Bonds are being issued by the Authority to refund the Prior Bonds. The Authority is also issuing today its $91,000,000 Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008F (the "*Series 2008F Bonds*") to refund $91,000,000 of Pollution Control Revenue Bonds, Series 2004 of the Illinois Development Finance Authority. For certain federal income tax purposes, the Bonds and the Series 2008F Bonds will be treated as a single issue of bonds, and if interest on either issue is treated as not excludable from gross income for federal income tax purposes, that could result in the interest on both issues being treated as not excludable from gross income for federal income tax purposes.

The law firm of Pugh, Jones, Johnson & Quant, P.C. is serving as bond counsel for the Series 2008F Bonds. The opinion of Foley & Lardner LLP as to the tax exempt character of interest on the Bonds relies upon the opinion of Pugh, Jones, Johnson & Quandt, P.C. as to the tax-exempt character of interest on the Series 2008F Bonds without making any independent examination in that regard.

CERTAIN LEGAL MATTERS

The issuance of the Bonds is subject to the approving legal opinion of Foley & Lardner LLP, Chicago, Illinois, as Bond Counsel ("*Bond Counsel*") which has been retained by the Company, and the Underwriters' obligations to purchase the Bonds are subject to the issuance of Bond Counsel's approving opinion with respect thereto. Bond Counsel has not been retained or consulted on disclosures matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material related to the Bonds. Bond Counsel assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement except that in its capacity as Bond Counsel, Foley & Lardner LLP, at the request of the Underwriters, has reviewed the statements under the captions "THE BONDS" (other than under the subcaption "Book-Entry System"), "THE LOAN AGREEMENT" and "THE INDENTURE" in this Official Statement solely to determine if those statements accurately summarize the portions of those documents that are so summarized. Bond Counsel has also reviewed the statements under the caption "TAX EXEMPTION" solely to determine whether the reviewed statements are accurate. Such review was undertaken solely at the request and for the benefit of the Underwriters. Foley & Lardner LLP provides legal services to Exelon Corporation and its subsidiaries, including the Company, from time to time.

Certain legal matters will be passed upon for the Company by its counsel, Sidley Austin LLP. Certain legal matters will be passed upon for the Authority by its counsel, Kevin M. Cahill, Esquire. Certain legal matters will be passed upon for the Underwriters by their counsel, Winston & Strawn LLP. Winston & Strawn LLP provides legal services to Exelon Corporation and its subsidiaries, including the Company, from time to time.

RELATIONSHIP OF PARTIES

The Mortgage Trustee is an affiliate of The Bank of New York Trust Company, N.A., the Trustee under the Indenture.

SunTrust Robinson Humphrey, Inc., an affiliate of SunTrust Bank, will serve as Underwriter in connection with the initial purchase of the Bonds, and will serve as Remarketing Agent in connection with any subsequent remarketing of the Bonds.

MISCELLANEOUS

The attached Appendices (including the documents incorporated by reference therein) are an integral part of this Official Statement and must be read together with the balance of this Official Statement.

The distribution of this Official Statement has been duly authorized by the Authority. The Authority neither has nor assumes, however, any responsibility for the accuracy or completeness of any information contained herein (other than under "THE AUTHORITY" and "LITIGATION — The Authority") or in the Appendices hereto, all of which has been furnished by others.

NEW ISSUE—BOOK-ENTRY ONLY

Subject to compliance by the Authority and the Company with certain covenants, in the opinion of Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, Bond Counsel, under present law, interest on the Bonds will not be includible in the gross income of the owners thereof for federal income tax purposes, except for interest on any Bonds for any period during which they are held by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) and to the extent that such interest will be taken into account in computing the corporate alternative minimum tax and the branch profits tax. Interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. See the heading "TAX EXEMPTION" herein for a more detailed discussion of some of the federal tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Illinois income taxes.

The Authority is issuing contemporaneously with the Bonds its Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008D, for which Foley & Lardner LLP is serving as bond counsel. The Bonds and the Series 2008D Bonds will be treated for certain federal income tax purposes as a single issue of bonds, and if interest on either issue should become treated as not excludable from gross income for federal income tax purposes, that could result in interest on both issues being treated as not excludable from gross income for federal income tax purposes. The opinion of Pugh, Jones, Johnson & Quant, P.C. as to tax exemption on the Bonds relies upon the opinion of Foley & Lardner LLP as to the tax exemption of the Series 2008D Bonds, without making any independent examination in that regard.

$91,000,000

ILLINOIS FINANCE AUTHORITY

POLLUTION CONTROL REVENUE REFUNDING BONDS

(Commonwealth Edison Company Project)

Series 2008F

Dated: Date of Original Issuance **Due: March 1, 2017**

The Bonds will be issued to refund certain obligations issued to refinance the cost of certain pollution control and solid waste disposal facilities of Commonwealth Edison Company. The Bonds will be special, limited obligations of the Authority, and will be payable, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, from and secured by a pledge of payments to be made under a Loan Agreement with, and secured by a First Mortgage Bond to be issued by Commonwealth Edison Company

An Exelon Company

and from funds drawn under an irrevocable letter of credit issued by

JPMorgan Chase Bank, N.A.

The Letter of Credit will permit The Bank of New York Trust Company, N.A., as trustee (the "*Trustee*"), to draw up to an amount sufficient to pay the principal or purchase price of the Bonds and up to 53 days' interest accrued thereon at a maximum rate of 12%, all as described in this Official Statement. The Letter of Credit will expire on May 9, 2009, unless terminated earlier as described herein. Unless the Letter of Credit is extended or replaced as described herein, the Bonds will be subject to mandatory purchase prior to its expiration.

The Bonds will be issued in fully-registered form initially in denominations of integral multiples of $100,000 registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as securities depository of the Bonds. See "THE BONDS —Book-Entry System" herein.

The Bonds will initially accrue interest at the Weekly Rate in the Weekly Mode. The Interest Payment Date with respect to the Bonds while in the Weekly Mode is the first Business Day of each month and the Business Day immediately following the last Interest Period during which the Bonds bear interest at the Weekly Rate.

The interest rate of the Bonds may be converted from the Weekly Rate to a different rate basis, following mandatory tender for purchase (with no right to retain Bonds) on the related Purchase Date, as described herein. See "THE BONDS—Interest on the Bonds," "—Interest Rate Modes," "—Change of Modes" and "—Mandatory Purchase of Bonds" herein.

Principal of and premium, if any, and interest on the Bonds will be paid to Cede & Co. by wire transfer, subject to certain exceptions described herein.

PRICE 100%

The Bonds are special, limited obligations of the Authority, with a claim for payment solely from Revenues as defined in the Indenture under which the Bonds are issued (including payments under the Loan Agreement with the Company and under the Company's First Mortgage Bond). The Bonds do not have a claim for payment from any other funds of the Authority. The Bonds are not an obligation of the State of Illinois, and have no claim for payment from any State of Illinois appropriation or from any taxes.

The Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriters subject to the delivery of an approving legal opinion by Pugh, Jones, Johnson & Quandt, P.C., Bond Counsel, in substantially the form attached as Appendix C and certain other conditions. Certain legal matters will be passed upon for the Company by Sidley Austin LLP, Chicago, Illinois; for the Authority by Kevin M. Cahill, Esq., Chicago Illinois; for the Underwriters by Winston & Strawn LLP, Chicago, Illinois; and for JPMorgan Chase Bank, N.A. by Winston & Strawn LLP, Chicago, Illinois. It is expected that delivery of the Bonds will be made on or about May 9, 2008 through the facilities of DTC.

JPMorgan

Cabrera Capital Markets, LLC

This Official Statement is dated May 5, 2008 and the information contained herein speaks only as of that date.

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No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Illinois Finance Authority (the *"Authority"*), Commonwealth Edison Company (the *"Company"*), JPMorgan Chase Bank, N.A. or J.P. Morgan Securities Inc. or Cabrera Capital Markets, LLC (the *"Underwriters"*). Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Company since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The Authority neither has nor assumes any responsibility as to the accuracy or completeness of the information in this Official Statement, other than that relating to the Authority under the captions "THE AUTHORITY" and "LITIGATION — The Authority."

In connection with the offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the securities offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Certain state securities regulations require that offering circulars for state and local government bonds set forth detailed information about any bonds of the Authority which are in default (whether or not the default relates to the bonds being sold). Information which is believed not to be material may, nevertheless, be deleted if the reason for the deletion is set forth in the offering circular. The Authority believes that certain bonds issued by it for the benefit of private corporations have been or may be in default. Further information regarding such defaulted bonds is available through the trustee for such bonds. However, the Authority believes that such information is not material to the sale of the Bonds, because the Bonds are payable from amounts received from the Company under the Loan Agreement and the First Mortgage Bond pledged under the Loan Agreement, and none of such defaults involves the Company.

OFFICIAL STATEMENT

$91,000,000

ILLINOIS FINANCE AUTHORITY

POLLUTION CONTROL REVENUE REFUNDING BONDS

(COMMONWEALTH EDISON COMPANY PROJECT)

SERIES 2008F

INTRODUCTORY STATEMENT

This Official Statement of the Illinois Finance Authority (the "*Authority*"), including the Appendices hereto and the documents incorporated by reference herein (the *"Official Statement"*), is provided to furnish certain information in connection with the sale of its Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008F in the aggregate principal amount of $91,000,000 due March 1, 2017 (the *"Bonds"*). The Bonds will be issued pursuant to a Bond Indenture, dated as of April 15, 2008 (the *"Indenture"*), between the Authority and The Bank of New York Trust Company, N.A., Chicago, Illinois, as trustee (the *"Trustee"*). Terms not otherwise defined in this Official Statement shall have the respective meanings given to them in the Indenture.

The proceeds from the sale of the Bonds will be loaned by the Authority to Commonwealth Edison Company (the *"Company"*) pursuant to a Loan Agreement, dated as of April 15, 2008 (the "*Loan Agreement*"), between the Authority and the Company, to provide a portion of the funds necessary to redeem the Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2005 originally issued by the Authority in the aggregate principal amount of $91,000,000 and all of which are currently outstanding (the *"Prior Bonds"*). The Prior Bonds were issued to provide a portion of the funds needed to redeem $91,000,000 aggregate principal amount of Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 1994D, which were originally issued by a predecessor of the Authority to refund an equal principal amount of the Pollution Control Revenue Bonds (Commonwealth Edison Company Project) Series 1985 (the "*Original Bonds*"), also issued by a predecessor of the Authority to finance the cost of certain pollution control and solid waste disposal facilities located in the State of Illinois (collectively, the *"Project"*). See "THE PROJECT" below in this Official Statement.

Pursuant to the Loan Agreement, the Authority will loan the proceeds from the sale of the Bonds to the Company and the Company will pledge as collateral security for such loan a series of its first mortgage bonds (the "*First Mortgage Bond*"). The First Mortgage Bond so pledged will be issued in an aggregate principal amount, with interest payments due, interest payment dates, maturity date and terms and provisions corresponding to the aggregate principal amount, interest payments, interest payment dates, maturity date and terms and provisions of the Bonds. The First Mortgage Bond in turn will be pledged by the Authority to the Trustee to secure repayment of the Bonds. The First Mortgage Bond will be issued under and secured by the Company's Mortgage, dated July 1, 1923, under which BNY Midwest Trust Company (the "*Mortgage Trustee*") and D.G. Donovan are now the trustee and the co-trustee, respectively, as amended and supplemented by a Supplemental Indenture, dated August 1, 1944, and subsequent supplemental indentures, and as to be further supplemented by a Supplemental Indenture, dated as of April 23, 2008 (the "*Supplemental Indenture*"), creating the First Mortgage Bond. The Company's Mortgage, as so supplemented and amended, is hereinafter referred to as the "*Mortgage*."

As holder of the First Mortgage Bond, the Trustee will, ratably with the holders of all other first mortgage bonds outstanding under the Mortgage, enjoy the benefit of a lien on substantially all of the property of the Company. See "THE FIRST MORTGAGE BOND AND THE MORTGAGE—Security" for a description of the properties of the Company that are subject to the lien of the Mortgage. The Bonds will not be secured by a mortgage of, or security interest in, the Project. The First Mortgage Bond will be registered in the name of, and held by, the Trustee for the benefit of the registered owners of the Bonds (the "*Owners*") and will not be transferable except to a successor trustee under the Indenture.

Concurrently with the issuance of the Bonds, the Company will cause to be delivered to the Trustee an irrevocable letter of credit (the "*Letter of Credit*") issued by JPMorgan Chase Bank, N.A. (the "*Credit Facility Provider*"), initially in the amount of $92,585,644. Under the Letter of Credit, the Trustee will be permitted to draw up to:

- an amount sufficient to pay the principal of the Bonds when due at maturity, upon redemption or upon acceleration, or the portion of the purchase price of Bonds tendered to the Trustee and not remarketed equal to the principal amount of such Bonds, plus

- an amount up to 53 days' interest accrued on the bonds (while bearing interest in the Daily Mode or Weekly Mode) computed at a maximum rate of 12% per annum.

The expiration date of the Letter of Credit is May 9, 2009, unless extended as provided under "THE LETTER OF CREDIT AND THE CREDIT FACILITY." The Letter of Credit may be replaced by a substitute credit facility prior to its expiration date as described under "THE LETTER OF CREDIT AND THE CREDIT FACILITY." If the Letter of Credit expires or is replaced by a substitute credit facility, the Bonds will be subject to mandatory tender for purchase, as described under "THE BONDS." The Letter of Credit will be issued pursuant to a Credit Agreement dated as of October 3, 2007, as supplemented, among the Company, the financial institutions party thereto (including the Credit Facility Provider) and JPMorgan Chase Bank, N.A., as Administrative Agent (the "*Administrative Agent*"). As used herein, the term "Letter of Credit" shall mean the initial Letter of Credit or any substitute credit facility delivered pursuant to the Indenture, the term "Credit Facility Provider" shall mean the issuer of the Letter of Credit then in effect and the term "Credit Facility" shall mean the agreement pursuant to which the Letter of Credit then in effect is issued, in each case unless the context clearly otherwise requires.

The Bonds are special, limited obligations of the Authority, with a claim for payment solely from Revenues as defined in the Indenture under which the Bonds are issued (including certain payments under the Loan Agreement with the Company and under the Company's First Mortgage Bond). The Bonds do not have a claim for payment from any other funds of the Authority. The Bonds are not an obligation of the State of Illinois, and have no claim for payment from any State of Illinois appropriation or from any taxes.

As originally issued, the Bonds will bear interest at the Weekly Rate in the Weekly Mode. See "THE BONDS." The interest rate on the Bonds can be converted from the Weekly Mode to an interest rate calculated on one of several other rate bases, following mandatory tender for purchase (without any right to retain) upon not less than five business days prior written notice to the Bondholders, in the case of a conversion to any Mode other than the Fixed Rate Mode, and upon not less than fifteen days prior written notice to the Bondholders, in the case of a conversion to the Fixed Rate Mode. See "THE BONDS—Interest on the Bonds" and "—Change in Modes."

The payments required to be made by the Company pursuant to the Loan Agreement are designed to be sufficient to enable the Authority to pay when due and payable the principal or purchase price of and premium, if any, and interest on the Bonds.

Brief descriptions of the Authority, the Bonds, the Letter of Credit, the Credit Facility, the Mortgage, the First Mortgage Bond, the Loan Agreement, the Indenture, the Continuing Disclosure Agreement and certain other documents are included in this Official Statement. Information regarding the business, properties and financial condition of the Company is included in, and incorporated by reference into, Appendix A. Information regarding the Credit Facility Provider is included in, and incorporated by reference into, Appendix B. The form of the approving opinion of Bond Counsel is included in Appendix C. The descriptions herein of any of the foregoing

agreements are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the Indenture. Copies of such documents may be obtained from the corporate trust office of the Trustee in Chicago, Illinois. All such descriptions are further qualified in their entirety by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided in such documents and to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights.

THE AUTHORITY

Description of the Authority

The Authority is a body politic and corporate of the State of Illinois. The Authority was created under the Illinois Finance Authority Act (the *"Act"*), which consolidated seven of the State's previously existing financing authorities (the *"Predecessor Authorities"*). All bonds, notes or other evidence of indebtedness of the Predecessor Authorities were assumed by the Authority effective January 1, 2004. Under the Act, the Authority may not have outstanding at any one time bonds for any of its corporate purposes in an aggregate principal amount exceeding $26,650,000,000, excluding bonds issued to refund the bonds of the Authority or bonds of the Predecessor Authorities. Pursuant to the Act, the Authority is governed by a 15-member board appointed by the Governor of the State of Illinois with the advice and consent of the State Senate. The members receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties.

Bonds of the Authority

The Authority may from time to time issue bonds as provided in the Act for the purposes set forth in the Act. Any bonds issued by the Authority (and any interest thereon) shall not be or become an indebtedness or obligation, general or moral, of the State of Illinois or any political subdivision thereof nor be or become a pledge of the full faith and credit of the State of Illinois or any political subdivision thereof, other than the Issuer. The Bonds of the Authority as described herein are limited obligations of the Authority payable solely from the specific sources and revenues of the Authority specified in the Indenture authorizing the issuance of such Bonds. No Owner of any Bond shall have the right to compel any taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any or interest on the Bonds, and the Authority has no taxing power.

The Authority makes no warranty with respect to the Project or the use thereof. Further, the Authority has not prepared any material for inclusion in this Official Statement, except for the material under the headings "THE AUTHORITY" and "LITIGATION – The Authority". The distribution of this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization does not, however, constitute a representation or approval by the Authority of the accuracy or sufficiency of any information contained herein except to the extent of the material under the headings referenced in this paragraph.

The offices of the Authority are located at Two Prudential Plaza, 180 N. Stetson, Suite 2555, Chicago, Illinois 60601, and its telephone number is (312) 651-1300.

Authority Advisors

D.A. Davidson & Co. and Scott Balice Strategies, LLC serve as co-senior financial advisers to the Authority. Additionally, certain legal matters with respect to the Bonds will be passed upon for the Authority by its special counsel, Kevin M. Cahill, Esq., Chicago, Illinois.

THE PROJECT

The facilities refinanced with the proceeds of the Prior Bonds were located at the following electric generating plants located in the State of Illinois and owned by the Company at the time of the issuance of the

Original Bonds: Braidwood Station, Byron Station and LaSalle County Station. Such facilities included facilities for pollution control and sewage and solid waste disposal, together with certain miscellaneous facilities functionally related and subordinate thereto.

THE COMPANY

See Appendix A to this Official Statement for a discussion of the Company and certain documents incorporated by reference therein.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Indenture and the form of Bond included therein for the detailed provisions of the Bonds.

General

The Bonds will be dated as of the date of the initial authentication and delivery thereof and will mature, subject to prior redemption, on the date set forth on the cover of this Official Statement. The Bonds will be issued as fully registered Bonds without coupons initially in authorized denominations of $100,000 or any integral multiple of $5,000 in excess thereof.

The Authority has established a book-entry-only system of registration for the Bonds (the "*Book-Entry System*"). Except as otherwise provided in the Indenture, The Depository Trust Company, New York, New York, or its successor as securities depository (the "*Securities Depository*") (or its nominee) will be the registered owner of the Bonds. By acceptance of a confirmation of purchase, delivery or transfer, each beneficial owner (a "*Beneficial Owner*") of an interest in the Bonds will be deemed to have consented to the Book-Entry System. The Securities Depository (or its nominee), as registered owner of the Bonds, will be the registered owner or holder of the Bonds for all purposes of the Indenture. The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a Bond.

Interest on the Bonds

Until converted to a different interest rate basis, or Mode, permitted under the Indenture, the Bonds will bear interest at the Weekly Rate in the Weekly Mode. The permitted Modes are: the "Daily Mode," the "Weekly Mode," the "Commercial Paper Mode," the "Indexed Mode," the "Term Rate Mode" and the "Fixed Rate Mode;" and the corresponding interest rates are the "Daily Rate," the "Weekly Rate," the "Commercial Paper Rate," the "Indexed Rate," the "Term Rate" and the "Fixed Rate." See "—Interest Rate Modes." The interest rate and, if applicable, the interest periods during the Commercial Paper Mode and the Indexed Mode will be determined by the Remarketing Agent; provided that the interest rate on the Bonds (other than Credit Facility Bonds) shall not exceed the lowest of 12% per annum, the maximum rate specified in any Credit Facility related to the Bonds and the maximum interest rate permitted by law. The interest rate Mode for the Bonds is subject to change to a different Mode from time to time as hereinafter described. See "—Change of Modes."

Interest on the Bonds is calculated under differing conventions as to the passage of time, depending upon the Mode, as described below:

- In a Daily Mode, a Weekly Mode, a Commercial Paper Mode, a SIFMA-based Indexed Mode and a Term Rate Mode of 360 days or less, interest is computed on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed.

- In a Term Rate Mode for more than 360 days and a Fixed Rate Mode, interest is computed on the basis of a 360-day year of twelve 30-day months.

- In all Indexed Modes other than a SIFMA-based Indexed Mode, interest is computed on the basis of a 360-day year for the number of days actually elapsed.

Interest on the Bonds in each Mode accrues at the rate determined on the Rate Determination Date during the Interest Period(s), and is payable on the Interest Payment Date(s) to the registered owners of the Bonds on the applicable Record Date(s), as indicated in the table below:

Mode	**Rate Determination Date**	**Interest Period**	**Interest Payment Date**	**Record Date**
Daily	Each Business Day commencing with the first day the Bonds become subject to the Daily Mode	Commences on a Business Day and extends to, but does not include, the next succeeding Business Day	First Business Day of each month	Business Day immediately preceding the Interest Payment Date
Weekly	Upon initial conversion to the Weekly Mode, a Business Day no later than the Mode Change Date; thereafter, each Wednesday or, if Wednesday is not a Business Day, the next Business Day after such Wednesday	Commences on the first day Bonds begin to accrue interest in Weekly Mode and ends on the next succeeding Tuesday; thereafter, commences on each Wednesday and ends on Tuesday of following week	First Business Day of each month	Business Day immediately preceding the Interest Payment Date
Commercial Paper	First day of an Interest Period, which must be a Business Day	Established by Remarketing Agent with a duration of from one to 270 calendar days	Business Day immediately following the end of an Interest Period having a duration of 180 days or less; and otherwise, each March 1 and September 1 prior to the end of the selected Interest Period and the Business Day immediately following the end of such Interest Period	Business Day immediately preceding the Interest Payment Date
Indexed	Date determined by the Remarketing Agent which shall be a Business Day at least one Business Day prior to the Mode Change Date	Commences on the first day Bonds begin to accrue interest in the Indexed Mode and ends on calendar day prior to the end of the specified period during which the Bonds bear interest at the Indexed Rate	Established by Remarketing Agent	15th calendar day of the month immediately preceding each Interest Payment Date

Mode	Rate Determination Date	Interest Period	Interest Payment Date	Record Date
Term Rate	A Business Day no earlier than 30 Business Days and no later than the Business Day immediately preceding the first day of an Interest Period	Commences on the first day Bonds begin to accrue interest in the Term Rate Mode and ends on last calendar day of selected Interest Period, which Interest Period shall not be less than 270 days	Each March 1 and September 1 prior to the end of the selected Interest Period and the Business Day immediately following the end of such Interest Period	15th calendar day of the month immediately preceding each Interest Payment Date
Fixed Rate	Date determined by the Remarketing Agent which shall be a Business Day at least one Business Day prior to the Mode Change Date	Commences on the first day Bonds begin to accrue interest in the Fixed Rate Mode and ends on calendar day prior to the final maturity date of the Bonds	Each March 1 and September 1 prior to the Maturity Date and on the Maturity Date	15th calendar day of the month immediately preceding each Interest Payment Date

So long as the Bonds are held in the Book-Entry System, the principal or redemption price of, interest on and purchase price of the Bonds will be paid in immediately available funds through the facilities of the Securities Depository. Otherwise, the principal or redemption price of the Bonds shall be payable by check in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee. Interest on the Bonds shall be paid to the person whose name appears on the bond registration books of the Trustee as their Holder as of the close of business on the Record Date for each Interest Payment Date. Payment of the interest on (i) any Bonds in a Daily Mode, a Weekly Mode, an Indexed Mode or a Term Rate Mode or any Bond in a Commercial Paper Mode shall be made by wire transfer in immediately available funds to an account within the United States of America designated by such Holder and (ii) any Bonds in a Term Rate Mode or a Fixed Rate Mode shall be made by check mailed by first class mail to such Holder at its address as it appears on such registration books, or, upon the written request of any Holder of at least $1,000,000 in aggregate principal amount of Bonds, submitted to the Trustee at least one Business Day prior to the Record Date, by wire transfer in immediately available funds to an account within the United States of America designated by such Holder. CUSIP number identification shall accompany all payments of principal or redemption price and interest whether by check or by wire transfer.

The Bonds are issuable only as fully registered Bonds in the following authorized denominations:

- in a Daily Mode, a Weekly Mode, a Commercial Paper Mode or a Term Rate Mode of 360 days or less, $100,000 and integral multiples of $5,000 in excess thereof; and

- in an Indexed Mode, a Term Rate Mode of more than 360 days or a Fixed Rate Mode, $5,000 and any integral multiple thereof.

If the Book-Entry System is discontinued and the Bonds are issued in certificated form, the Bonds may be transferred or exchanged for an equal aggregate principal amount of Bonds of other authorized denominations upon surrender of such Bonds at the office of the Trustee designated for such transfer or exchange, which is located at 111 Sanders Creek Parkway, East Syracuse, New York 13057, Attention Corporate Trust Operations Window (or such other address as the Trustee may designate to the Trustee), duly endorsed for transfer or accompanied by a written instrument of transfer or authorization for exchange, executed by the Holder or the Holder's duly authorized attorney. Except as provided in the Indenture, the Trustee will not be required to register the transfer or exchange of (i) any Bond during the 15 days immediately preceding (a) the date on which notice of redemption of bonds is given or (b) the date on which Bonds will be selected for redemption, or (ii) any Bond with respect to which the Holder has submitted a demand for purchase as described below under "THE BONDS – Purchase of Bonds on Demand of Owner." Registration of transfers and exchanges shall be made without charge to the Holders, except that the

Authority may require the Holder requesting registration of transfer or exchange to pay any required tax or governmental charge that may be imposed in relation to such transfers or exchanges.

The Bank of New York Trust Company, N.A. also has been appointed as Tender Agent under the Indenture. J.P. Morgan Securities Inc. has been appointed as Remarketing Agent for the Bonds (the "*Remarketing Agent*"). The Remarketing Agent may be removed by the Company in accordance with the Remarketing Agreement dated the date of issuance of the Bonds (the "*Remarketing Agreement*") between the Remarketing Agent and the Company. The Remarketing Agent may resign upon 30 days' notice to the Company in accordance with the Remarketing Agreement.

Certain Definitions

Each of the following terms shall have the meaning indicated:

"*Additional Payments*" means the payments so designated and required to be made by the Company pursuant to the Loan Agreement.

"*Administrative Fees and Expenses*" means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred, by the Authority or the Trustee.

"*Bondholder*" or "*Holder*" means, with respect to a Bond, the person in whose name such Bond is registered.

"*Business Day*" means (i) a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of Illinois, the State of New York or in any state in which the office of any Credit Facility Provider, any Remarketing Agent, any Tender Agent, or the Trustee is located are authorized to remain closed or (ii) a day on which the New York Stock Exchange is closed.

"*Code*" means the Internal Revenue Code of 1954, as amended, to the extent applicable in any instrument, and otherwise the Internal Revenue Code of 1986, as amended, or any successor statute to it, and any regulations promulgated under it.

"*Credit Facility*" means a letter of credit, including, if applicable, a confirming letter of credit, bond insurance policy or similar credit facility issued by a commercial bank, savings institution, insurer or other financial institution which, by its terms, shall secure the payment of the principal of and interest on Bonds when due, delivered to the Trustee pursuant to the Loan Agreement, including a Substitute Credit Facility. Initially the Credit Facility is a Letter of Credit, provided by JPMorgan Chase Bank, N.A. While Bonds are in a Daily Mode or a Weekly Mode, the Credit Facility shall also provide for the payment of the Purchase Price of Bonds tendered and not remarketed, unless the Indenture is amended to provide for a separate liquidity facility. Unless the context requires otherwise with reference to a specific letter of credit, the term Credit Facility shall mean, to the extent applicable, the Reimbursement Agreement pursuant to which such letter of credit was issued.

"*Credit Facility Bonds*" means Bonds that have been purchased with the proceeds of a drawing under the Credit Facility and have not been remarketed and are either pledged (or required to be pledged) by the Company to the Credit Facility Provider or, if directed by the Credit Facility Provider to the Trustee, owned by the Credit Facility Provider to secure obligations of the Company under the Credit Facility.

"*Credit Facility Provider*" means the commercial bank, savings institution, insurer or other financial institution issuing a Credit Facility. In the case of a Credit Facility that is, or involves the issuance of a letter of credit, the term Credit Facility Provider shall mean the administrative agent appointed pursuant to the reimbursement agreement to act on behalf of the financial institutions having a risk participation in such Credit Facility issued pursuant to such reimbursement agreement, unless the context in which the term Credit Facility is used herein contemplates a reference to the institution that has issued a specific letter of credit.

"*Favorable Opinion of Bond Counsel*" means, with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of counsel (which shall be legal counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for federal income tax purposes, selected by the Company and not objected to by the Trustee or the Credit Facility Provider (if any)) to the effect that such action is not prohibited by the Indenture and will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds). In situations where a Favorable Opinion of Bond Counsel, or an Opinion of Counsel to be delivered by Bond Counsel, is required or requested to be delivered under the Indenture or the Loan Agreement after the date of delivery of the Bonds, the Trustee shall accept (unless otherwise directed by the Authority) an opinion in such form and with such disclosures as may be required so that such opinion will not be treated as a "covered opinion" for purposes of the United States Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

"*LIBOR*" means the London Interbank Offered Rate for deposits in U.S. dollars with a maturity equal to or that most closely approximates the length of the Interest Period for which the LIBOR rate is utilized and that appears on Reuters Screen LIBOR 01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London Interbank Offered Rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the Rate Determination Date.

"*Maximum Rate*" means the lower of (i) 12% per year, and (ii) the maximum rate, if any, specified in the then applicable Credit Facility; but, in any case, not more than the maximum interest rate permitted by law.

"*Mode*" means the Daily Mode, the Weekly Mode, the Commercial Paper Mode, the Indexed Mode, the Term Rate Mode or the Fixed Rate Mode.

"*Mode Change Date*" means, with respect to any Bonds, the day following the last day of one Mode for such Bonds on which another Mode begins.

"*Purchase Date*" means, with respect to Bonds:

- during the Commercial Paper Mode and the Term Rate Mode, the Business Day determined by the Remarketing Agent on the most recent Rate Determination Date as the date on which such Bonds shall be subject to purchase, and

- during the Daily Mode or the Weekly Mode, any Business Day, in each case selected by the Holder of such Bonds pursuant to the Indenture.

"*Purchase Price*" means:

- an amount equal to the principal amount of any Bonds purchased on any Purchase Date, plus, in the case of any purchase of Bonds in the Daily Mode or the Weekly Mode, accrued interest on them, if any, to the Purchase Date, or

- an amount equal to the principal amount of any Bonds purchased on a Mandatory Purchase Date, plus accrued interest on them, if any, to the Mandatory Purchase Date.

"*SIFMA Municipal Swap Index*" means the Securities Industry and Financial Markets Association (formerly The Bond Market Association™), Municipal Swap Index as disseminated by Municipal Market Data, a Thomson Financial Services Company, or its successor, for the most recently preceding Business Day.

Interest Rate Modes

Daily Mode. In the Daily Mode, the interest rate on the Bonds for any Business Day shall be the rate established by the Remarketing Agent for the Bonds no later than 10:00 a.m. (New York City time) on each Business Day, as the minimum rate of interest which, in the judgment of such Remarketing Agent under then-

existing market conditions, would result in the sale of such Bonds on such Business Day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. For any day which is not a Business Day, the interest rate on the Bonds shall be the interest rate in effect for the immediately preceding Business Day. In the event that the Daily Rate is not determined by the Remarketing Agent for any reason on any Business Day, the interest rate on the Bonds shall equal the lesser of the Maximum Rate and the SIFMA Municipal Swap Index on the Business Day immediately preceding such Business Day.

Weekly Mode. In the Weekly Mode, the interest rate on the Bonds for a given Interest Period shall be the rate established by the Remarketing Agent no later than 10:00 a.m. (New York City time) on each Rate Determination Date, as the minimum rate of interest which, in the judgment of such Remarketing Agent under then-existing market conditions, would result in the sale of such Bonds on such Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. In the event that an interest rate is not determined by the Remarketing Agent for any reason for any Interest Period, the interest rate for such Interest Period shall equal the lesser of the Maximum Rate and the SIFMA Municipal Swap Index on the Business Day immediately preceding the first day of such Interest Period.

Commercial Paper Mode. In the Commercial Paper Mode, Interest Periods are established by the Remarketing Agent as a period from one to 270 calendar days in length (a "*Commercial Paper Rate Period*"), but must begin on a Business Day and end on a day immediately preceding a Business Day or the Maturity Date. The Commercial Paper Rate for each Commercial Paper Rate Period shall be effective from and including the commencement date of such period to and including the last day thereof. Each Commercial Paper Rate and Commercial Paper Rate Period shall be determined by the Remarketing Agent for the Bonds in connection with the sale of the Bond or Bonds to which it relates. Each Commercial Paper Rate and Commercial Paper Rate Period shall be determined by the Remarketing Agent for each Bond at or prior to 11:30 a.m. (New York City time) on the first day of each Commercial Paper Rate Period with respect to such Bond so as to result in the Remarketing Agent being able to remarket such Bond at par in the secondary market representing the lowest interest rate then available and for the longest Interest Period available at such rate as the Remarketing Agent deems to be advisable under current or anticipated future market conditions or anticipated future events.

If the Remarketing Agent fails to set the length of a Commercial Paper Rate Period for any Bond (other than a Credit Facility Bond) for any reason or the Commercial Paper Rate, the Commercial Paper Rate Period for such Bond shall be from and including the Rate Determination Date to, but not including, the next succeeding Business Day, and subsequently shall commence on a Business Day and extend to, but shall not include, the next Business Day; and the interest rate for such Commercial Paper Rate Period shall equal to the lesser of the Maximum Rate and the SIFMA Municipal Swap Index on the Business Day immediately preceding the first day of such Commercial Paper Rate Period and for Interest Periods of greater than 30 days an annual rate equal to 85% of the highest quoted yield on United States Government Obligations – State and Local Government Series, with a maturity equal to the length of the Interest Period for which such interest rate is calculated, as most recently published prior to the date of determination in Form PD4262, Department of Treasury, Bureau of Public Debt.

Term Rate Mode. In the Term Rate Mode, the interest rate on the Bonds shall be the minimum rate which, in the judgment of the Remarketing Agent, will result in a sale of the Bonds at a price equal to the Purchase Price on the Rate Determination Date for the Interest Period selected by the Company, which shall not be less than 270 days. The Remarketing Agent shall also determine the Purchase Date as the day following the last day of the Interest Period so selected by the Company. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Rate Determination Date. If a new Interest Period is not selected by the Company prior to the Business Day next preceding the Purchase Date for the Interest Period then in effect, the Mode shall change from the Term Rate Mode to the Weekly Mode so long as a Favorable Opinion of Bond Counsel is delivered to the Trustee. In the event that an interest rate is not determined by the Remarketing Agent for any reason for any Interest Period, the interest rate for such Interest Period shall equal to the lesser of the Maximum Rate and 85% of LIBOR with a maturity equal to the length of such Interest Period.

Indexed Mode. The Company may, with the consent of the Credit Facility Provider (if any), cause the Mode to be changed so that the Bonds will bear interest at the Indexed Rate until the end of the term specified by the Company not to exceed the Maturity Date of the Bonds. Prior to any conversion to the Indexed Mode, the Authority shall enter into a Supplemental Indenture setting forth the index, the spread, the redemption provisions, the term and

what will happen if there is a failure to remarket at the end of the term. The Company shall select the index on which the Indexed Rate shall be based not less than five Business Days prior to the Rate Determination Date. Such index may be the LIBOR, SIFMA Municipal Swap Index or any other index which the Company, in consultation with the Remarketing Agent, deems appropriate. The Remarketing Agent shall determine the percentage and/or the spread to be used in calculating the Indexed Rate not later than 4:00 p.m. (New York City time) on the Rate Determination Date. The percentage shall be the lowest percent which, when multiplied by the index, in the reasonable judgment of the Remarketing Agent and the written consent of the Company, the Remarketing Agent determines will result in selling the Bonds at a price equal to the Purchase Price on the Mode Change Date. At the time the Remarketing Agent determines the percentage by which the index is multiplied, the Remarketing Agent shall also determine the interest rate for the initial Interest Payment Period from the Mode Change Date to the first Interest Payment Date in the Indexed Mode, the frequency with which the Indexed Rate shall be recalculated, the Interest Payment Periods and the Interest Payment Dates.

Fixed Rate Mode. The Company may, with the consent of the Credit Facility Provider (if any), cause the Mode to be changed so that the Bonds will bear interest at a Fixed Rate to their final Maturity Date unless, on the date the Remarketing Agent determines the Fixed Rate, the Remarketing Agent also determines that the Bonds would bear a lower effective net interest cost if such Bonds were serial bonds or serial bonds and term bonds, in which event the Bonds shall become serial bonds or serial bonds and term bonds and shall bear separate Fixed Rates for each maturity. The Remarketing Agent shall determine the Fixed Rate not later than 4:00 p.m. (New York City time) on the Rate Determination Date. The Fixed Rate shall be the minimum interest rate which, in the judgment of the Remarketing Agent, will result in a sale of the Bonds at a price equal to the Purchase Price on the Purchase Date of the Bonds being converted to a Fixed Rate unless, in the judgment of the Remarketing Agent and with the written consent of the Company, the Remarketing Agent determines that the lowest yield will result by selling the Bonds at a price equal to the Purchase Price (plus any original issue premium or less any original issue discount) on the Mode Change Date. In the case of Bonds to be sold at a discount, either (A) a Credit Facility is in effect with respect to such Bonds and provides for the purchase of such Bonds at such discount or (B) the Company agrees to transfer to the Tender Agent on the Mode Change Date, in immediately available funds, for deposit in the Borrower Purchase Account, an amount equal to such discount. In the case of Bonds sold at a premium, the premium shall be transferred to the Company on the Mode Change Date.

Change of Modes

Changes to Modes Other than Fixed Rate Mode. The interest rate Mode for the Bonds (other than Bonds in the Fixed Rate Mode) may be changed to a different Mode from time to time in whole and not in part by the Company. The Company may exercise that right by giving written notice to the Authority, the Trustee, Tender Agent (if any), the Remarketing Agent (if any) and the Credit Provider (if any) no later than the fifth Business Day preceding the proposed Mode Change Date. Such notice must specify the new Mode and, if the change is to a Term Rate Mode, the length of the initial Interest Period.

No change in Mode may be made:

- unless the Mode Change Date is a Business Day
- if the change is from the Commercial Paper Mode, the Mode Change Date shall be a day which is the last Purchase Date for all Interest Periods then in effect
- if the change is from the Term Rate Mode, the Mode Change Date shall be the Purchase Date for the current Interest Period
- unless there has been delivered to the Trustee, the Tender Agent (if any) and the Remarketing Agent (if any) on the Mode Change Date a Favorable Opinion of Bond Counsel
- if the current Mode is the Commercial Paper Mode, no Interest Period set after delivery by the Company to the Remarketing Agent of the notice of intention to effect a change in Mode shall extend beyond the proposed Mode Change Date

- if there shall be no Credit Facility in effect to provide funds for the purchase of Bonds on the Mode Change Date, the remarketing proceeds available on the Mode Change Date shall be not less than the amount required to purchase all of the Bonds at the Purchase Price (unless the Company, in its sole discretion, elects to transfer to the Tender Agent the amount of such deficiency on or before the Mode Change Date)

The Company may revoke its election to effect a change of the interest rate on the Bonds to another Mode by giving written notice of such revocation to the Authority, the Trustee, the Remarketing Agent (if any), the Credit Facility Provider (if any), and the Tender Agent at any time prior to 10:00 a.m. (New York City time) on the Business Day immediately preceding the Rate Determination Date for the proposed Mode Change Date.

If the conditions listed in the preceding paragraph have not been satisfied by the Mode Change Date, the change shall not take effect and (a) if the change was from a Commercial Paper Mode, the Bonds shall remain in the Commercial Paper Mode with interest rates and Interest Periods as described above under "THE BONDS – Interest Rate Modes – *Commercial Paper Mode*" and (b) otherwise, all Bonds shall be changed to a Daily Mode, as described above under "THE BONDS – Interest Rate Modes – *Daily Mode*," so long as a Favorable Opinion of Bond Counsel is delivered to the Trustee with respect to that Mode Change, otherwise the then applicable Mode will remain in effect and if the Current Mode is the Term Rate Mode, the Term Rate Period, if not set by the Company, shall be the same length as the then current Term Rate Period.

Change to Fixed Rate Mode. The interest rate Mode for the Bonds may be changed to the Fixed Rate Mode by the Company. The Company may exercise that right by giving written notice to the Authority, the Trustee, Tender Agent (if any), the Remarketing Agent (if any), the Credit Provider (if any) and each Rating Agency then rating the Bonds no later than the fifteenth day (or such shorter period as may be agreed to by the Trustee and the Remarketing Agent (if any)) preceding the proposed Mode Change Date. Such notice shall state that the Mode will be changed to the Fixed Rate Mode and shall set forth the proposed Mode Change Date.

No change to the Fixed Rate Mode may be made unless:

- The Mode Change Date is: (i) in the case of a conversion from a Daily Mode or a Weekly Mode, a regularly scheduled Interest Payment Date on which interest is payable for the Daily Mode or Weekly Mode from which the conversion is to be made; (ii) in the case of a conversion from the Term Rate Mode, a regularly scheduled Interest Payment Date on which a new Interest Period would otherwise have commenced; and (iii) in the case of a conversion from a Commercial Paper Mode, a day which is the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period previously established for the Bonds to be converted.

- Not less than seven Business Days prior to the date on which the Trustee is required to notify the Holders of the conversion pursuant to next bullet point below, the Company shall give written notice of the conversion to the Authority, the Trustee, the Remarketing Agent (if any), the Credit Facility Provider (if any), and the Tender Agent (if any) setting forth the proposed Mode Change Date. Together with such notice, the Company shall file with the Authority and the Trustee, a Favorable Opinion of Bond Counsel with respect to the conversion of the Bonds to the Fixed Rate Mode, including the assignment of new maturity dates and amortization requirements as described below under the third following bullet point. No conversion to the Fixed Rate Mode shall occur unless the Company shall also file with the Authority and the Trustee a Favorable Opinion of Bond Counsel to the same effect dated the Mode Change Date.

- In the event of a conversion from a Daily Mode, Weekly Mode, a Term Rate Mode or a Commercial Paper Mode, the Trustee shall mail a notice of the proposed conversion to the Holders of all Bonds to be converted not less than fifteen days prior to the proposed Mode Change Date. Such notice shall state that the Bonds to be converted shall be subject to mandatory tender at a price equal to 100% of the principal amount of the Bond plus accrued interest on the Mode Change Date. The principal portion of the purchase price of the Bonds so tendered shall be payable solely from the proceeds of the remarketing of such Bonds.

- Not later than 12:00 noon (New York City time) on the Business Day prior to the Mode Change Date, the Remarketing Agent shall determine the Fixed Rate Mode for the Bonds to be converted.

- Prior to the conversion of any of the Bonds to a Fixed Rate Mode, the Remarketing Agent shall deliver to the Trustee, the Authority and the Company a certificate that includes a schedule specifying the principal amount of Bonds to be converted to a Fixed Rate Mode which shall mature on March 1 of the Bond years specified in such schedule and the interest rate payable on the Bonds to be converted to a Fixed Rate Mode of each such maturity date and a schedule specifying the principal amount of Bonds to be converted to a Fixed Rate Mode maturing on March 1 of the Bond years specified in such schedule or to be called for mandatory redemption pursuant to the amortization requirements on March 1 of the Bond years specified in such schedule. In determining the maturity dates, amortization requirements and interest rates, the Remarketing Agent shall use the following guidelines:

  - The Remarketing Agent shall determine the schedule of principal payments on the Bonds to be converted to a Fixed Rate Mode to achieve annual level debt service with respect to the converted Bonds;

  - The Remarketing Agent shall allocate the Bonds to be converted to a Fixed Rate Mode between serial bonds and term bonds in such manner as shall produce the lowest aggregate interest payable with respect to such Bonds; and

  - The Remarketing Agent shall set the interest rate on each Bond to be converted to a Fixed Rate Mode of a particular maturity date at the lowest interest rate that shall enable such Bond, upon conversion, to be remarketed at par (plus any accrued interest) taking into account the maturity date of such Bond and amortization requirements with respect to the Bonds of such maturity date.

  Notwithstanding anything above to the contrary, if due to the serialization of the Bonds, Bond Counsel cannot render a Favorable Opinion of Bond Counsel, then no such serialization shall occur.

- The foregoing notwithstanding, the Authority may agree to another method for providing for payment of principal of the Bonds after the Mode Change Date if (i) the Remarketing Agent deems the utilization of such other method necessary in order to remarket the Bonds at a price of par and (ii) there is delivered to the Trustee and the Authority by the Company a Favorable Opinion of Bond Counsel with respect to the utilization of such other method.

The Company may revoke its election to effect a conversion of the interest rate on the Bonds to the Fixed Rate Mode by giving written notice of such revocation to the Authority, the Trustee, the Remarketing Agent (if any), the Credit Facility Provider (if any), and the Tender Agent (if any) at any time prior to 10:00 a.m. New York City time on the Business Day immediately preceding the Rate Determination Date for the proposed Mode Change Date.

If these conditions listed in the preceding paragraph have not been satisfied by the Mode Change Date, the New Mode shall not take effect and (a) if the change was from a Commercial Paper Mode, the Bonds shall remain in the Commercial Paper Mode with interest rates and Interest Periods as described above under "THE BONDS – Interest Rate Modes – *Commercial Paper Mode*" and (b) otherwise, all Bonds shall be changed to a Daily Mode, as described above under "THE BONDS – Interest Rate Modes – *Daily Mode*," so long as a Favorable Opinion of Bond Counsel is delivered to the Trustee with respect to that Mode Change, otherwise the then applicable Mode will remain in effect and if the Current Mode is the Term Rate Mode, the Term Rate Period, if not set by the Company, shall be the same length as the then current Term Rate Period.

Purchase of Bonds on Demand of Owner

The Bonds are subject to purchase on demand of the Holders while bearing interest in the Daily Mode and the Weekly Mode, as described below. Bonds bearing interest in the other Modes are not subject to purchase on demand of the Holder.

During Daily Mode. In the Daily Mode, the Holders of any Bonds other than Credit Facility Bonds or Bonds owned by, or for the account of, or on behalf of, the Authority or the Company (those Bonds being referred to as "*Eligible Bonds*"), may demand purchase of their Bonds (or portion thereof in an amount not less than $100,000) on any Business Day during the Daily Mode at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date upon an irrevocable written notice of tender by Electronic Means to the Remarketing Agent and the Tender Agent not later than 11:00 a.m. (New York City time) on any Business Day.

During Weekly Mode. In the Weekly Mode, the Holders of Eligible Bonds may demand purchase of their Bonds (or portion thereof in an amount not less than $100,000) on any Business Day during the Weekly Mode at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date, upon an irrevocable written notice of tender by Electronic Means to the Remarketing Agent and the Tender Agent at or before 4:00 p.m. (New York City time) on a Business Day five Business Days prior to the Purchase Date.

Required Notice. A notice of tender must state (i) the CUSIP number, (ii) the principal amount (or portion thereof in an amount not less than $100,000) of the Bond to be purchased and, if the Book-Entry System is not in effect, the certificate number of such Bond and (iii) such Bond shall be purchased on the Purchase Date specified above. "*Electronic Means*" means telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

Mandatory Purchase of Bonds

On Mode Change Date. The Bonds are subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest on a Mode Change Date.

On Expiration, Termination or Replacement of Credit Facility. The Bonds shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest, if any, thereon to the Purchase Date, on:

- the second Business Day preceding the date of the expiration of the term of the then current Credit Facility, or the date on which the then current Credit Facility is to be replaced with a Substitute Credit Facility, respectively, as described under "THE LOAN AGREEMENT – Credit Facilities" herein; provided, however, that the Bonds shall not be subject to mandatory purchase on the second Business Day preceding the date of the expiration of the term of the then current Credit Facility if on or prior to the 15th day prior to such date, the Company has furnished to the Trustee an extension of the then current Credit Facility, or

- the date designated by the Trustee (which shall be at least one Business Day prior to the termination of the Credit Facility and no more than five Business Days after receipt by the Trustee of a notice of default or nonreinstatement (a "*Default Tender Date*") after the Trustee has received written notice from the Credit Facility Provider that an event of default has occurred and is continuing under the Reimbursement Agreement relating to such Credit Facility and/or that the Credit Facility Provider has determined it will not reinstate the amount available under the Credit Facility for interest payments upon payment of an interest drawing and directing a mandatory tender for the Bonds.

On Interest Payment Date for Commercial Paper Rate Period. In the Commercial Paper Rate Mode, each Bond shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued but unpaid interest, on the Business Day after the end of each Commercial Paper Rate Period for such Bond.

On Final Interest Payment Date for a Term Rate Period. In the Term Rate Mode, the Bonds shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest thereon through the last day of the Interest Period, on the Business Day immediately following the end of such Interest Period, for each Interest Period during the Term Rate Mode.

The Owners of the Bonds shall not have any right to retain Bonds subject to mandatory purchase.

Notice of Mandatory Purchases. The Tender Agent shall give notice of a mandatory purchase as follows:

- *In the case of a Mode Change*: by Electronic Means to the Holders of the Bonds subject to mandatory purchase no less than 5 Business Days for Bonds which are to be changed to a Mode of 360 days or less and no less than 15 days for Bonds which are to be changed to a Mode of more than 360 days or an Indexed Mode, each prior to the Mandatory Purchase Date;

- *In the case of an expiration or substitution of Credit Facility*: by mail to the Holders of the Bonds subject to mandatory purchase no less than 10 days prior to such Mandatory Purchase Date;

- *In the case of a Default Tender Date*: immediate notice by Electronic Means; or

- *In the case of a final Interest Payment Date for a Term Rate Period*: by mail to the Holders of the Bonds subject to mandatory purchase no less than 15 days prior to such Mandatory Purchase Date.

No notice is required to be given with respect to a mandatory purchase on a Purchase Date for a Commercial Paper Rate Period.

Payment of Purchase Price

The purchase price of any Bond purchased as described above under "THE BONDS – Purchase of Bonds on Demand of Owner" and "– Mandatory Purchase of Bonds" shall be payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, by wire transfer of immediately available funds. The purchase price shall be paid on the Purchase Date upon delivery of such Bond on such Purchase Date; provided that if the date of such purchase is not a Business Day, the purchase price shall be payable on the next succeeding Business Day.

If the Holder of any Bond (or portion thereof) that is subject to purchase fails to deliver such Bond to the Tender Agent for purchase on the Purchase Date, and if the Tender Agent is in receipt of the purchase price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the Purchase Date therefor and ownership of such Bond or portion thereof shall be transferred to the purchaser thereof as described in the Indenture. Any Holder who so fails to deliver such Bond for purchase on (or before) the Purchase Date shall have no further rights thereunder, except the right to receive the purchase price thereof from those moneys deposited with the Tender Agent in the Purchase Fund established pursuant to the Indenture upon presentation and surrender of such Bond. The Tender Agent shall, as to any Bonds which have not been delivered to it, promptly notify the Remarketing Agent and the Trustee of such non-delivery. Upon such notification, the Trustee shall place a stop transfer against an appropriate amount of Bonds registered in the name of the Holder(s) on the Bond registration books, commencing with the lowest serial number Bond registered in the name of such Holder(s) (until stop transfers have been placed against an appropriate amount of Bonds) until the appropriate purchased Bonds are surrendered to the Tender Agent.

The Tender Agent shall hold all Bonds delivered to it in connection with any optional or mandatory purchase of Bonds in trust for the benefit of the Holders thereof until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Holders, and thereafter shall deliver replacement Bonds for any Bonds purchased, in accordance with the directions of the Remarketing Agent, to the Remarketing Agent for delivery to the purchasers thereof.

Limitations on Remarketing

If there shall have occurred and be continuing an Event of Default caused by a default in the payment of the principal or Redemption Price of any Bond when due and payable as described in the first bullet point below under "THE INDENTURE – Defaults" and the Credit Facility Provider, if any, has not paid such amount under the Credit Facility, then the Remarketing Agent shall not remarket any Bonds.

Redemption of Bonds

Optional Redemption. The Bonds are subject to optional redemption prior to maturity as follows:

- While in the Daily Mode, the Weekly Mode or Indexed Mode, the Bonds shall be subject to redemption, at the option of the Company, in whole or in part on any Business Day, at a redemption price of equal to the principal amount of the Bonds called for redemption, without premium, plus accrued interest to the date for redemption.

- While in the Commercial Paper Mode, the Bonds are not subject to optional redemption prior to their respective Purchase Dates.

- While in the Term Rate Mode, the Bonds shall be subject to redemption, at the option of the Company, in whole or in part on any Purchase Date at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, plus accrued interest to the date for redemption.

- While in the Fixed Rate Mode, the Bonds shall be subject to redemption, at the option of the Company, at such times and upon such terms as shall be specified by the Company in a schedule delivered to the Trustee on or prior to the change to such Fixed Rate Mode.

Mandatory Redemption on Determination of Taxability. Subject to the immediately following paragraph, the Bonds will be redeemed in whole (or in part as described below), at a redemption price of 100% of the principal amount of the Bonds, without premium, plus accrued interest on any day within 120 days after the Company receives:

- written notice from any Holder, Beneficial Owner, former Holder, former Beneficial Owner or the Trustee to the effect that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was includable in the gross income of the Bond's owner for federal income tax purposes together with a written statement from such person that:

  (1) such person has received a notice of deficiency from the Internal Revenue Service to such effect with a copy of such notice of deficiency; or

  (2) a court of competent jurisdiction has so held, with a copy of such order or decision; or

- written notice from the Authority or the Trustee that the Internal Revenue Service has informed the Authority or the Trustee that the Internal Revenue Service intends to issue notices of deficiency to Holders, Beneficial Owners, former Holders or former Beneficial Owners asserting that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was includable in the gross income of the Bond's owner for federal income tax purposes;

- a written opinion of Bond Counsel requested by the Company to the effect that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) more likely than not is or was includable in the gross income of the Bond's owner for federal income tax purposes; or

- written notice from the Authority to the Company that, as a result of adverse findings in the course of an Internal Revenue Service examination of the compliance of the Bonds with the Internal Revenue Code, the Authority, with the written consent of the Company, has determined to execute and deliver a closing agreement with the Internal Revenue Service that requires or will require the redemption of Bonds.

No such redemption shall be made, however, if within 60 days after receipt by the Company of the notice referred to in subsections (1) or (2) under the first bullet point above, the Company agrees in good faith to pay the reasonable expenses, to indemnify the Authority, the Trustee or the current or former Holders or Beneficial Owners involved in such a dispute with the Internal Revenue Service and to control the defense or exhaust available procedures to contest or obtain review of the result of the proceedings, and no such redemption shall be made while such proceedings are continued in good faith by the Company. If the Authority, the Trustee or the current or former Holder or Beneficial Owner involved in such dispute does not give the Company the opportunity to control the defense of such proceedings, such redemption shall not be made.

The provisions of first paragraph above will once again be applicable at such date as either (A) the Company chooses to discontinue such proceedings or determines such proceedings are final and have resulted in a finding that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was includable in the gross income of the Bond's owner for federal income tax purposes; or (B) such proceedings are concluded with a determination acceptable to the Company to the effect that interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was not includable in the gross income of the Bond's owner for federal income tax purposes.

Notwithstanding the provisions of the first paragraph above, fewer than all the Bonds may be redeemed if, based on an opinion of Bond Counsel delivered to the Trustee by the 45th day prior to the redemption date, redemption of fewer than all of the Bonds would result in the interest payable on the Bonds remaining Outstanding being not includable in the gross income for federal income tax purposes of any Bondholder or Beneficial Owner other than "substantial user" or "related person," under the Code. If fewer than all Bonds are redeemed pursuant to the first bullet point, the Trustee will select the Bonds to be redeemed by lot or by such other method acceptable to the Trustee as may be specified in an opinion of Bond Counsel.

BY PURCHASE AND ACCEPTANCE OF A BOND, A HOLDER AGREES THAT THE REDEMPTION OF THE BONDS AT 100% OF THEIR PRINCIPAL AMOUNT AS DESCRIBED IN THE FIRST PARAGRAPH ABOVE SHALL BE COMPLETE AND TOTAL LIQUIDATED DAMAGES to the full extent permitted by law in the event that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was determined by the Internal Revenue Service to be includable in the gross income of the Bond's owner for federal income tax purposes.

Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the Credit Facility Provider (if any), the Rating Agencies then rating the Bonds and to the respective Holders of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption shall state the date of such notice, the date of delivery of the Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Each such notice shall also state that on the date there will become due and payable on each of the Bonds the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such date, interest on such Bond shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Failure by the Trustee to mail notice of redemption to the Credit Facility Provider (if any), the Rating Agencies then rating the Bonds or to any one or more of the Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holder or Holders to whom such notice was mailed.

Any notice of redemption may be conditional and may be rescinded by written notice given to the Trustee by the Company no later than 5 Business Days prior to the date specified for redemption, or may be conditioned on the receipt of the Redemption Price on the redemption date. The Trustee shall give notice of such rescission, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given.

Special Considerations Relating to the Bonds

The Remarketing Agents are Paid by the Company. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Company and is paid by the Company for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Bonds.

The Remarketing Agent Routinely Purchases Bonds for its Own Account. The Remarketing Agent acts as a remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, routinely acquires such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice. If the Remarketing Agent ceases to purchase Bonds, it may be necessary for the Trustee to draw on the Credit Facility. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales must be at fair market value, which may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including a Rate Determination Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment under then existing market conditions, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. At the time the new rate becomes effective, the Remarketing Agent is required to use its best efforts to remarket the Bonds at par. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

The Ability to Sell the Bonds other than through Tender Process May Be Limited. The Remarketing Agent may buy and sell Bonds other than through the tender process. However, the Remarketing Agent is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Bonds, Without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the Tender Agent shall assume such duties as described in the Indenture; provided, however, that the Tender Agent, in its capacity as Remarketing Agent, shall not be required to sell Bonds or determine the interest rate on the Bonds under the Indenture if the Tender Agent should be prohibited by law from conducting such activities.

Book-Entry System

The following information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Company believes to be reliable, but none of the Company, the Authority, the Trustee, the Tender Agent, the Remarketing Agent or the Underwriters, takes any responsibility for the accuracy of such information.

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other nominee as may be requested by an authorized representative of DTC. One fully registered Bond will be issued in the aggregate principal amount of the Bonds and will be deposited with DTC. So long as the nominee of DTC is the registered owner of the Bonds, such nominee will be considered the sole owner or holder of the Bonds for all purposes under the Indenture and any applicable laws. Except as otherwise provided below, a Beneficial Owner of interests in the Bonds will not be entitled to have the Bonds registered in such owner's name, will not be entitled to receive definitive Bonds and will not be considered an owner or holder of the Bonds under the Indenture.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents governing the Bonds. For example, Beneficial Owners may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal or purchase price of and premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Company, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner, through a Direct Participant acting on behalf of such Beneficial Owner, or an Indirect Participant acting on behalf of such Beneficial Owner, shall give notice to the Remarketing Agent and the Tender Agent of its election to have Bonds tendered for purchase and shall effect delivery of such Bonds by causing such Direct Participant to transfer on DTC's records the Direct Participant's interest in the Bonds to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional or mandatory purchase will be deemed satisfied when the ownership rights in such Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, the Company and the Trustee, or DTC's services with respect to the Bonds may be discontinued or terminated at any time by the Company if it determines that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository. In the event that DTC's services are so discontinued or terminated, the Authority is obligated to deliver definitive Bonds, at the expense of the Company, as described in the Indenture.

The Authority, the Company, the Trustee, the Underwriters, the Tender Agent and the Remarketing Agent will have no responsibility or obligation to DTC, Direct Participants, Indirect Participants or the Beneficial Owners of the Bonds with respect to (a) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant; (b) the payment by DTC to any Direct Participant or any Indirect Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or premium, if any, or interest on, any Bonds; (c) the delivery of any notice by DTC, any Direct Participant or any Indirect Participant; (d) the selection of Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken or omitted to be taken by DTC or any Direct Participant or Indirect Participant. The current "rules" applicable to DTC are on file with the Commission and current "procedures" of DTC to be followed in dealing with its participants are on file with DTC.

Same-Day Settlement and Payment

Settlement for the Bonds will be made by the Remarketing Agent in immediately available funds. While the Bonds are in the Book-Entry System described above, all payments of principal, premium (if any), purchase price and interest will be made by the Trustee or Tender Agent on behalf of the Authority to DTC in immediately available funds.

The information contained in this Official Statement with respect to DTC has been extracted from a report from DTC. No representation is made by the Authority, the Company, the Trustee, the Tender Agent or the Remarketing Agent as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

THE LETTER OF CREDIT AND THE CREDIT FACILITY

The following statements summarize selected provisions of the initial Letter of Credit and the initial Credit Facility. However, because this summary is not complete, it is subject to the detailed provisions of the initial Letter of Credit and the initial Credit Facility, including the definitions of the terms used under this caption. Wherever defined terms of the Credit Facility are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

The Letter of Credit

The Credit Facility Provider will issue the initial Letter of Credit pursuant to the Credit Facility. The Credit Facility allows for the issuance of letters of credit from time to time to support bonds to be issued for the benefit of the Company, including the initial Letter of Credit being issued to support the Bonds. It is expected, however, that only two letters of credit will be issued under the Credit Facility to support up to $131,000,000 principal amount of bonds. Issuers of those letters of credit pursuant to the Credit Facility are referred to as "*Letter of Credit Issuers*," and the financial institutions that are parties to the Credit Facility are referred to as "*Banks*."

The Letter of Credit will be issued to the Trustee upon the issuance of the Bonds and will have a Required Stated Amount of $92,585,644. The Letter of Credit will expire on the earliest of (i) May 9, 2009; (ii) the receipt of notice that the Bonds have been defeased, a substitute letter of credit has been obtained, or the Bonds have been converted to a Term Mode, an Indexed Mode, a Commercial Paper Mode or a Fixed Mode; (iii) the last draw that can be made thereunder is made; or (iv) ten calendar days after receipt by the Trustee of notice from the Credit Facility Provider stating that an event of default has occurred under the Credit Facility and directing the Trustee to accelerate the maturity of the Bonds.

Required Stated Amount

The Required Stated Amount of the Letter of Credit will be composed of an amount equal to the principal amount of the Bonds plus an amount representing interest calculated at the Maximum Rate of 12% per annum for 53 days based on a year of 365 days.

The Required Stated Amount is subject to adjustment for payments made by the Credit Facility Provider to the Trustee pursuant to drawings under the Letter of Credit. Payments made (i) pursuant to drawings on the Letter of Credit to make scheduled principal payments on the Bonds, (ii) to pay the unpaid principal of the Bonds on redemption, and (iii) to pay the unpaid principal of the Bonds upon acceleration, permanently reduce the Required Stated Amount by an amount equal to such payments. Payments made pursuant to drawings on the Letter of Credit made to pay interest on the Bonds and to pay the Purchase Price of Bonds tendered to the Trustee in accordance with the Indenture reduce the Required Stated Amount by an amount equal to such payments; provided that such amounts reduced with respect to the payment of accrued interest (other than in connection with a redemption of Bonds) only are reinstated automatically after such drawings (unless the Trustee has received written notice that an event of default has occurred under the Credit Facility)

Substitute Credit Facility

At least 15 days prior to the Expiration Date of the then current Letter of Credit, the Company may provide for the delivery to the Trustee of a Substitute Credit Facility.

Fees and Interest

The Company is obligated to pay the Letter of Credit Issuer and the Banks certain fees in connection with the issuance of the Letter of Credit and drawings made thereunder and to pay interest on all amounts drawn under the Letter of Credit at the rates specified in the Credit Facility.

Certain Covenants

The Company is obligated under the Credit Facility, among other things, to keep proper books of record and account; to maintain its existence and properties; to comply with applicable laws; to maintain adequate insurance on its properties; to keep its properties, revenues and assets free of liens, other than liens permitted under the Credit Facility; to comply with certain restrictions on mergers or dispositions of all or substantially all of its assets; to comply with an interest coverage test; and to submit to the Banks certain financial reports and information.

Events of Default

The following are deemed to be "Events of Default" under the Credit Facility:

- Any failure of the Company to pay:
  - when due any amount paid by the Administrative Agent, any Letter of Credit Issuer or any Bank (as defined in the Credit Facility) under any Letter of Credit or any principal of any Tender Advance (as defined in the Credit Facility) or any other Advance (as defined in the Credit Facility),
  - within one business day of the due date, any Reimbursement Obligation (as defined in the Credit Facility) or
  - within three business days of the due date thereof, any interest, fees or other amounts payable under the Credit Facility;
- Any representation or warranty made by the Company in the Credit Facility, any document related to the issuance of the Bonds (an "*Operative Document*") or in any certificate, financial or other statement furnished by the Company (or any of its authorized officers) pursuant to the terms of the Credit Facility or any such Operative Document is incorrect or misleading in any material respect when made;
- Any failure by the Company to perform or observe (i) certain terms, covenants or agreements contained in the Credit Facility relating to the use of proceeds, disclosure concerning the Banks or the Letter of Credit Issuer, certain notices of default and negative covenants or (ii) any other term, covenant or agreement on its part to be performed or observed contained in the Credit Facility or in any Operative Document to which it is a party if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Administrative Agent (which notice shall be given by the Administrative Agent at the written request of any Bank);
- Any failure by the Company or any Principal Subsidiary (as defined in the Credit Facility) to pay any principal of or premium or interest on any debt that is outstanding in a principal amount in excess of $50,000,000 in the aggregate (with specified exclusions for, among other things, nonrecourse debt) when the same becomes due and payable, which is not cured within any applicable cure period under

such agreements; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such debt and shall continue after the applicable cure period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such debt; or any such debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof;

- The occurrence of certain events of insolvency or bankruptcy involving the Company or any Principal Subsidiary;

- One or more judgments or orders for the payment of money in an aggregate amount exceeding $50,000,000 (excluding any such judgments or orders which are fully covered by insurance, subject to any customary deductible, and under which the applicable insurance carrier has acknowledged such full coverage in writing) shall be rendered against the Company or any Principal Subsidiary and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

- The occurrence of certain events involving employee benefit plans in which the Company participates, (including events likely to lead to, or causing, plan terminations, trustee appointments by an appropriate United States District Court of a trustee to administer a Plan (as defined in the Credit Facility), the institution by the PBGC (as defined in the Credit Facility) of proceedings to terminate any Plan or to appoint a trustee to administer any Plan or withdrawal by the Company or any other member of the controlled group withdraws from any multiemployer plan), in which the Company has received notice assessing the liability of the Company with respect to the applicable plan and such liability exceeds $50,000,000;

- The outstanding capital stock of the Company shall fail to be at least 85% owned, directly or indirectly, by Exelon Corporation ("*Exelon*") (other than as a result of Exelon distributing the capital stock of the Company to Exelon's shareholders generally);

- Any material provision of the Credit Facility or any Operative Document to which the Company is a party shall at any time for any reason cease to be valid and binding on the Company or the Indenture shall cease to be valid and binding on the Trustee and the Issuer, or any of such agreements shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Company or any governmental authority or regulatory body or the Company shall deny that it has any or further liability or obligation under the Credit Facility or any Operative Document to which it is a party;

- the liens created by the Control Agreements or the Pledge Agreement (as such terms are defined in the Credit Facility) shall cease to create a Lien (as defined in the Credit Facility) on the collateral described therein with the priority purported to be created thereby securing the obligations to the Administrative Agent and the Banks; or

- The occurrence of an "event of default" under and as defined in the Indenture or any other Operative Document to which the Company is a party.

Remedies

Upon the occurrence of any Event of Default under the Credit Facility, the Company may be required to repay all amounts owing under the Credit Facility and/or deposit as collateral with the Administrative Agent cash collateral in an amount equal to the Required Stated Amount of the Letter of Credit. In addition, the Administrative Agent may direct the Trustee to accelerate the Bonds or issue a notice for a mandatory tender of the Bonds. Such collateral will be held by the Administrative Agent until the Letter of Credit is terminated and all obligations of the Company to the Credit Facility Provider and the Banks have been paid in full. The Company grants a security

interest to the Administrative Agent, for the benefit of the Banks and the Credit Facility Provider, in any of such collateral as may be deposited from time to time. The Administrative Agent may, and upon written instructions from the Majority Banks shall, also exercise its rights or remedies available at law or in equity.

No action taken with respect to remedies under the Credit Facility shall relieve the Company from any obligations to the Banks, all of which will survive any such action. No remedy conferred upon or reserved to the Banks is exclusive of any other available remedy or remedies.

THE FIRST MORTGAGE BOND AND THE MORTGAGE

The following statements summarize selected provisions of the Mortgage and the First Mortgage Bond. However, because this summary is not complete, it is subject to the detailed provisions of the Mortgage and the First Mortgage Bond, including the definitions of the terms used under this caption. Wherever defined terms of the Mortgage are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Concurrently with the delivery of the Bonds, the Authority will receive from the Company, as a collateral pledge under the Loan Agreement, a First Mortgage Bond, which will, in turn, be pledged to the Trustee under the Indenture as security for the Bonds. The First Mortgage Bond will be issued under the Mortgage, will be non-transferable except to a successor Trustee and will be issued in a principal amount and with interest payments, interest payment dates, maturity date, prepayment or redemption terms and other provisions corresponding to the Bonds.

The following statements are brief summaries of certain provisions of the Mortgage. The terms "*lien of Mortgage*," "*mortgage date of acquisition*," "*permitted lien*," "*prior lien*," "*prior lien bonds*," "*property additions*," and "*utilized under the Mortgage*" are used in this Official Statement with the meanings given to those terms in the Mortgage. The term "*bonds*" means any first mortgage bonds issued under the Mortgage. The Mortgage contains provisions under which substantially all of the properties of the Company's electric utility subsidiary, Commonwealth Edison Company of Indiana, Inc. (the "*Indiana Company*"), might be subjected to the lien of the Mortgage, if the Company should so determine, as additional security for the Company's bonds, whereupon that subsidiary would become a "mortgaged subsidiary," as defined in the Mortgage. Since the Company has not as yet made any determination as to causing the Indiana Company to become a mortgaged subsidiary, those provisions of the Mortgage that are summarized below that discuss a mortgaged subsidiary as well as the Company, relate to the Company only.

Security

The First Mortgage Bond will rank equally with all bonds, irrespective of series, now or hereafter outstanding under the Mortgage. The Mortgage is a direct first mortgage lien on substantially all property and franchises currently owned by the Company, subject only to permitted liens (other than expressly excepted property and property which may be acquired by the Company subsequent to the filing of a bankruptcy proceeding with respect to the Company under the Bankruptcy Reform Act of 1978). The Company's transmission and distribution assets are the principal properties subject to the lien of the Mortgage. In addition, any property and franchises hereafter acquired by the Company (other than expressly excepted property and property which may be acquired by the Company subsequent to the filing of a bankruptcy proceeding with respect to the Company under the Bankruptcy Reform Act of 1978) will also become subject to the lien of the Mortgage, subject only to permitted liens and liens, if any, existing or placed on such after-acquired property at the time of acquisition thereof.

There are expressly excepted from the lien of the Mortgage, whether now owned or hereafter acquired, certain real estate not used in the public utility business, real estate held by the Company in the name of a nominee, cash and securities not specifically pledged under the Mortgage, receivables, contracts (other than leases), materials and supplies not included in utility plant accounts, merchandise, automobiles, trucks and other transportation equipment and office furniture and equipment.

Acquisitions of Property Subject to Prior Liens

The Company covenants in the Mortgage that it will not acquire any property subject to a prior lien (other than a permitted lien):

- if the principal amount of prior lien bonds outstanding thereunder and under other prior liens upon such prior lien property exceeds 66-2/3% of the fair value of such part of such property as shall consist of property of the character of property additions; and

- unless the net earnings of such property for any twelve-month period within the immediately preceding fifteen-month period shall have been at least two and one-half times the annual interest on all prior lien bonds secured by prior liens on such property.

The Company also covenants that it will not transfer all or substantially all of its property to any other corporation, the property of which is subject to a prior lien, unless the property of such other corporation could be acquired by the Company under the provisions of such covenant with respect to the acquisition of property subject to a prior lien.

The Company covenants that it will not issue additional prior lien bonds under any prior lien, and that as soon as all prior lien bonds shall cease to be outstanding under any prior lien, the Company will promptly procure or cause to be procured the cancellation and discharge of such prior lien. The Company further covenants that upon the discharge of a prior lien it will cause any cash on deposit with the prior lien trustee (other than cash deposited for the payment or redemption of outstanding prior lien bonds) to be deposited with the Mortgage Trustee, except to the extent required to be deposited with the trustee under another prior lien.

Release of Property from Mortgage

Provided that the Company is not in default under the Mortgage, the Mortgage allows the Company to release property from the lien of the Mortgage in connection with its sale or other disposition. Under these provisions, the Company may obtain the release of mortgaged property by

- delivering to the Mortgage Trustee specified certificates describing the property to be sold or disposed and the consideration to be received and stating its fair value;

- delivering an opinion of counsel as to compliance with the provisions of the Mortgage governing such release; and

- depositing cash with the Mortgage Trustee in an amount equal to the fair value of the property to be released, subject to reduction or elimination as hereinafter described.

"*Fair value*" is defined as the fair value to the Company of the property in question. Fair value is determined by one of the Company's engineers; however, a determination by an independent engineer is also required if the fair value of the property in question exceeds 1% or more of the outstanding principal amount of the bonds under the Mortgage. The required cash deposit may be reduced, or eliminated entirely, by utilizing net property additions or bondable bond retirements not previously utilized under the Mortgage.

The Company has used these provisions from time to time to release substantial amounts of property from the lien of the Mortgage. In December 1999, the Company obtained the release of its fossil generation assets in connection with their sale to a third party. In January 2001, the Company obtained the release of, among other things, its nuclear generation assets in connection with their transfer to its affiliate, Exelon Generation Company, LLC, as part of a restructuring undertaken by its parent corporation, Exelon Corporation. In both cases, the releases were accomplished without the deposit of cash due to the availability of sufficient amounts of unutilized bondable bond retirements and net property additions.

Issuance of Additional Bonds

The Mortgage provides that no bonds may be issued which, as to security, will rank ahead of the First Mortgage Bond but, as indicated below, the Company may, subject to certain limitations, acquire property subject to prior liens.

The aggregate principal amount of other bonds that may be issued under the Mortgage and that, as to security, will rank equally with the First Mortgage Bond is not limited except as indicated below. Additional bonds of any series may be issued, subject to the provisions of the Mortgage, in principal amount equal to

- 66-2/3% of net property additions not previously utilized under the Mortgage,
- the amount of cash deposited with the Mortgage Trustee as the basis for the issuance of those bonds and
- the amount of bondable bond retirements not previously utilized under the Mortgage;

provided, however, that no bonds may be issued on the basis of net property additions or deposited cash, or on the basis of bondable bond retirements if the bonds to be issued bear a higher rate of interest than that borne by the bonds retired or being retired (except when the bonds retired or being retired mature within two years), unless the net earnings of the Company for any twelve-month period within the immediately preceding fifteen-month period shall have been equal to at least two and one-half times the annual interest on all bonds then outstanding under the Mortgage, including the bonds then proposed to be issued but not including any bonds then being retired.

The Mortgage provides that cash deposited with the Mortgage Trustee as a basis for the issuance of bonds shall be:

- paid over to the Company in an amount, certified to the Mortgage Trustee, equal to 66-2/3% of the amount of net property additions not previously utilized under the Mortgage, or in an amount equal to the amount of bondable bond retirements not previously utilized under the Mortgage, or both, or
- applied to the purchase or redemption of bonds.

"*Net earnings*" means the earnings of the Company as defined in the Mortgage after deducting all charges except:

- charges for the amortization, write-down or write-off of acquisition adjustments or intangibles;
- property losses charged to operations;
- provisions for income and excess or other profits taxes imposed on income after the deduction of interest charges, or charges made in lieu of those taxes;
- interest charges; and
- amortization of debt and stock discount and expense or premium.

Any net profit or net loss from merchandising and jobbing is to be deducted from operating expenses or added to operating expenses, as the case may be. Net non-operating income from property and securities not subject to the lien of the Mortgage may be included in revenues but only to the extent of not more than 10% of the total of such net earnings. No profits or losses on the disposition of property or securities or on the reacquisition of securities shall be included in net earnings. The net earnings calculation under the Mortgage is not affected by certain accounting write-offs related to plant costs.

Except as set forth above, the Mortgage does not limit the amount of additional bonds which can be issued; and it does not contain any restrictions on the issuance of unsecured indebtedness. In addition, the Mortgage does not prohibit a merger or sale of substantially all of the Company's assets or a comparable transaction, unless the lien of the Mortgage is impaired, and does not address the effect on bondholders of a highly leveraged transaction.

Property Additions/Bondable Bond Retirements

At March 31, 2008, the amount of net property additions not utilized under the Mortgage was approximately $33 million, and the amount of bondable bond retirements not previously utilized under the Mortgage was approximately $1.9 billion. The First Mortgage Bond will be issued on the basis of bondable bond retirements.

"*Bondable bond retirements*" means an amount equal to the principal amount of bonds retired by application of funds deposited with the Mortgage Trustee for cancellation, whether or not such deposit of funds or surrender of bonds is pursuant to a sinking fund or purchase fund.

"*Net property additions*" means the amount of $50,000,000, plus the cost or fair market value as of the mortgage date of acquisition thereof, whichever is less, of property additions, less all "current provisions for depreciation" made by the Company after December 1, 1944, after deducting from such current provisions for depreciation the amount of the "renewal fund requirement," if any, for the year 1945 and subsequent years.

"*Current provisions for depreciation*" for any period means the greater of:

- the total of the amounts appropriated by the Company for depreciation during that period on all property of the character of property additions not subject to a prior lien, increased or decreased, as the case may be, by net salvage value for that period, such amounts not to include, however, provisions for depreciation charged to surplus, charges to income or surplus for the amortization, write-down or write-off of acquisition adjustments or intangibles, property losses charged to operations or surplus, or charges to income in lieu of income and excess or other profits taxes; and

- an amount equal to one-twelfth of 2% for each calendar month of that period (or such lesser percentage, as may, at stated intervals, be certified by an independent engineer as adequate) of the original cost, as of the beginning of that month, of all depreciable property of the character of property additions not subject to a prior lien.

Renewal Fund Requirement

The Company covenants that it will, for each year, pay or cause to be paid to the Mortgage Trustee an amount of cash, as and for a renewal fund, equal to the excess, if any, of current provisions for depreciation for that year over the cost or fair market value as of the mortgage date of acquisition thereof, whichever is less, of property additions for that year, such amount, which will be the renewal fund requirement for such year, to be subject to reduction by an amount equal to the amount, certified to the Mortgage Trustee, of net property additions or bondable bond retirements, or both, not previously utilized under the Mortgage. There was no renewal fund requirement for any of the years 1945 through 1988, 1991, 1992, 1997 through 2003, 2005 or 2006. There was a $140.7 million renewal fund requirement for 1989, a $1 million requirement for 1990, a $50.9 million requirement for 1993, a $193.6 million requirement for 1994, a $15.0 million requirement for 1995, a $139.9 million requirement for 1996 and a $270.7 million requirement for 2004. In 1989, 1990, 1993, 1994 and 2004, the renewal fund requirement was satisfied by certifying an equivalent amount of net property additions. In 1995 and 1996, the renewal fund requirement was satisfied by certifying an equivalent amount of bondable bond retirements.

Modification of Mortgage

In general, modifications or alterations of the Mortgage and of the rights and obligations of the Company and of the bondholders, and waivers of compliance with the Mortgage, may, with the approval of the Company, be made at a meeting of bondholders upon the affirmative vote of bondholders owning 80% of the principal amount of

the bonds entitled to vote at the meeting with respect to the matter involved, but no such modifications or alterations or waivers of compliance shall be made which will permit the extension of time or times of payment of the principal of or the interest or the premium, if any, on any bonds or the reduction in the principal amount thereof or in the rate of interest or the amount of any premium thereon, or any other modification in the terms of such principal, interest or premium, which terms of payment are unconditional, or, otherwise than as permitted by the Mortgage, the creation of any lien ranking prior to or on a parity with the lien of the Mortgage with respect to any of the mortgaged property, all as more fully provided in the Mortgage.

Pending Amendment to Mortgage

We are amending the Mortgage in order to remove the current requirement that the mortgage trustee maintain its principal office in Chicago, Illinois. The immediate purpose of this amendment is to accommodate the desire of the current mortgage trustee to consolidate its trust affiliates into a single company, The Bank of New York Trust Company, N.A., whose principal office is located in Los Angeles, California. We also believe that lifting the restriction provides greater flexibility in selecting future trustees, should such a selection be necessary or desirable. The amendment is reflected within the Supplemental Indenture dated as of April 23, 2008, and owners of the Bonds will be deemed to have consented to that amendment by virtue of their acceptance of those Bonds. The amendment, however, will not become effective until it has received the requisite approvals under the Mortgage.

Concerning the Mortgage Trustee and the Co-Trustee

An affiliate of the Mortgage Trustee, BNY Midwest Trust Company, provides general banking services, including those as a depository, for the Company and certain of its affiliates. The Mortgage Trustee is an affiliate of the Trustee for the Bonds.

D.G. Donovan, Co-Trustee under the Mortgage, is an officer of the Mortgage Trustee.

Rights Upon Default

The Mortgage provides that in case any one or more of certain specified events (defined as "*completed defaults*") shall occur and be continuing, the Mortgage Trustee or the holders of not less than 25% in principal amount of the bonds may declare the principal of all bonds, if not already due, together with all accrued and unpaid interest thereon, to be immediately due and payable. The Mortgage Trustee upon request of the holders of a majority in principal amount of the outstanding bonds, shall waive such default and rescind any such declaration if such default is cured.

The Mortgage further provides that upon the occurrence of one or more completed defaults, the Mortgage Trustee and the Co-Trustee may proceed by such suits of law or in equity to foreclose the lien of the Mortgage or to enforce any other appropriate remedy as the Mortgage Trustee and the Co-Trustee, being advised by counsel, shall determine.

Holders of bonds have no right to enforce any remedy under the Mortgage unless the Mortgage Trustee and the Co-Trustee have first had a reasonable opportunity to do so following notice of default to the Mortgage Trustee and request by the holders of not less than 25% in principal amount of the outstanding bonds for action by the Mortgage Trustee and the Co-Trustee with offer of indemnity satisfactory to the Mortgage Trustee and the Co-Trustee against costs, expenses and liabilities that may be incurred thereby, but such provision does not impair the absolute right of any bondholder to enforce payment of the principal of and interest on such bondholder's bonds when due.

Default and Notice Thereof to First Mortgage Bondholders

The Mortgage provides that the following shall constitute completed defaults:

- default shall be made in the payment of any installment of interest on any of the bonds when due and such default shall continue for 60 days;

- default shall be made in the payment of the principal of any of the bonds when due, whether at maturity or by declaration or otherwise;

- default shall be made in the payment of any installment of interest on any prior lien bonds when due, and such default shall continue for 30 days after written notice given to the Company (following the expiration of the period of grace, if any, specified in the prior lien securing such prior lien bonds) by the Mortgage Trustee or to the Company and the Mortgage Trustee by the holders of not less than 5% in principal amount of the bonds;

- default shall be made in the payment of the principal of any prior lien bonds when due, whether at maturity or by declaration or otherwise, and such default shall continue for 30 days after written notice to the Company by the Mortgage Trustee or to the Company and the Mortgage trustee by the holders of not less than 5% in principal of the bonds;

- bankruptcy, receivership or similar proceedings shall be initiated by the Company, or any judgment entered in such proceedings initiated against the Company shall not have been vacated, set aside or stayed within 45 days after the entry thereof; and

- default shall be made in the observance or performance of any other of the covenants, conditions or agreements on the part of the Company contained in the Mortgage or in the bonds or in any prior lien or prior lien bonds, and such default shall continue for 90 days after written notice to the Company and the Mortgage Trustee by the holders of not less than 25% in principal amount of the bonds.

Within 90 days after the occurrence of any default which is known to the Mortgage Trustee and the Co-Trustee, the Mortgage Trustee and the Co-Trustee shall give to the bondholders notice of such default unless it shall have been cured; except that, in case of defaults in the payment of principal of or interest on the bonds, or in the payment of any sinking fund or purchase fund installment, the Mortgage Trustee, or any one or more of them, shall in good faith determine that the withholding of such notice is in the interests of the bondholders and the Co-Trustee shall in good faith determine that the withholding of such notice is in the interests of the bondholders.

Default Mandatory Redemption

The First Mortgage Bond shall be redeemed promptly, without notice, by the Company in whole at 100% of the principal amount thereof plus accrued interest to the date of redemption following receipt by the Mortgage Trustee of written notice from the Trustee stating that the principal of the Bonds has been declared to be immediately due and payable as a result of an event of default under the Indenture.

Certificates and Opinions

Officers' certificates evidencing compliance with the covenants in the Mortgage relating to the payment of taxes and the maintenance of insurance on properties of the Company subject to the lien of the Mortgage must be filed as exhibits to the certificate of the Company filed annually with the Mortgage Trustee. In connection with the taking of various actions by the Mortgage Trustee and the Co-Trustee, or the Mortgage Trustee upon application of the Company, including the authentication and delivery of additional bonds, the release of property, the reduction or withdrawal of cash and other matters, the Mortgage requires that the Company furnish to the Mortgage Trustee orders, requests, resolutions, certificates of the officers, engineers, accountants and appraisers, and opinions of counsel and other documents, the particular documents to be furnished in each case being dependant upon the nature of the application.

THE LOAN AGREEMENT

The following statements with respect to the Loan Agreement are brief summaries of certain provisions thereof and do not purport to be complete; such statements are subject to the detailed provisions of the Loan

Agreement, including the definitions of the terms used under this caption. Wherever defined terms of the Loan Agreement are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Issuance of the Bonds; Loan of Proceeds

The Authority is issuing the Bonds for the purpose of refunding the Prior Bonds, the proceeds of which were used to refund a portion of the bonds previously issued to finance a portion of the Company's costs of the Project. The proceeds from the sale of the Bonds will be deposited with and held by the trustee under the indenture of trust securing such Prior Bonds.

The proceeds of the Bonds will be used to finance the refunding of the Prior Bonds on the redemption date of such Prior Bonds. The Company will pay the remaining cost of such redemption from its available funds.

Loan Repayments

The Company agrees to pay to the Trustee, for so long as any Bonds are Outstanding, on or before each date upon which the principal of, or the premium, if any, or interest on, the Bonds is payable in accordance with the provisions of the Indenture, a sum which, together with other money available therefor under the Indenture, will equal the sum of the principal of, and the premium, if any, and interest on, the Bonds which will be payable on such date (whether at maturity or by redemption or otherwise in accordance with the terms of the Indenture). In furtherance of the foregoing, so long as any Bonds are Outstanding, the Company will pay or cause to be paid all amounts required to prevent any deficiency or default in any payment of the principal of, the premium, if any, and interest on, and the purchase price of, the Bonds, including any deficiency caused by an act or failure to act by the Trustee, the Company, the Authority or any other person. The Company shall receive a credit against its obligation to make any payments on the First Mortgage Bond in an amount equal to the amount, if any, paid by or for the account of the Company under the Loan Agreement or the Indenture. Whenever payment or provision therefor has been made in respect of the principal of or premium, if any, or interest on all or any portion of the Bonds in accordance with the Indenture (whether at maturity or upon redemption or acceleration or upon provision for payment in accordance with the Indenture), the First Mortgage Bond shall be deemed paid in a principal amount equal to the principal amount of the Bonds being paid, to the extent such payment or provision therefor has been made and is considered to be a payment of principal, premium, if any, or interest on such Bonds. Subject to the foregoing or unless the Company is entitled to a credit under the Loan Agreement or the Indenture, all payments shall be in the full amount required under the First Mortgage Bond.

Payments on the First Mortgage Bond will be deposited with the Trustee and applied, along with any other funds on deposit for such purpose, to payments of principal of and premium, if any, and interest on the Bonds. The payments so deposited will be deemed to be like payments by the Company with respect to the First Mortgage Bond and will be credited against the Company's obligation to make payments on such First Mortgage Bond.

Such payments will be pledged under the Indenture by the Authority to the Trustee, and the Company is to make all such payments directly to the Trustee.

The Company's obligation to make payments under the Loan Agreement and under the First Mortgage Bond will be absolute and unconditional, without defense, recoupment or set-off by reason of any default by the Authority under the Loan Agreement or under any other agreement between the Company and the Authority or for any other reason.

Taxes; Expenses

The Company will promptly pay, as the same become due, all lawful taxes, assessments and governmental charges of any kind whatsoever including, without limitation, income, profits, property and excise taxes levied or assessed by federal, state or any local government upon the Authority with respect to payments under the Loan Agreement. The Authority agrees to give the Company prompt notice of any such taxes, assessments or

governmental charges. The Company may, at its expense, in good faith contest any such taxes, assessments or other charges.

The Company is obligated to pay certain expenses of the Authority, the Trustee and agents serving under the Indenture, including the compensation and reimbursement of expenses of the Trustee and such agents.

Tax-exempt Status of the Bonds

The Company covenants and agrees that it will not knowingly take or authorize or permit, to the extent such action is within the control of the Company, any action which will result in the loss of the exclusion of interest on the Bonds from gross income of the owners of the Bonds for federal income tax purposes; and the Company also will not knowingly omit to take any action in its power which, if omitted, would cause such result.

The Authority, to the extent it has control over the proceeds of the Bonds and subject to the limitation on its liability as provided in the Loan Agreement and the Indenture, and the Company covenant and represent to each other and to and for the benefit of the purchasers and owners of the Bonds that so long as any of the Bonds remain Outstanding, amounts on deposit in any fund in connection with the Bonds, whether or not such amounts were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the *"Code"*), and any lawful regulations promulgated thereunder, as the same currently exist or may from time to time hereafter be amended, supplemented or revised. The Company and the Authority also each covenants for the benefit of the Bondholders to comply with all of the provisions of the Tax Agreement.

Credit Facilities

The Company may at any time provide a Credit Facility with respect to any Bonds and terminate any such Credit Facility; provided that no such termination may be effected with respect to the Bonds during any Commercial Paper Rate Period, Fixed Rate Mode, Indexed Mode or Term Rate Period then applicable with respect to the Bonds. The Company may substitute a Credit Facility for any Credit Facility then in effect; provided that no such substitution may be made with respect to the Bonds during any Commercial Paper Rate Period, Fixed Rate Mode, Indexed Mode or Term Rate Period then applicable with respect to the Bonds. Prior to the provision or termination by the Company of any Credit Facility (whether in connection with the substitution of an existing Credit Facility or otherwise), there shall be delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the delivery or termination, as the case may be, of such Credit Facility is permitted under the Indenture and the Loan Agreement and complies with the terms of the Loan Agreement and that the delivery or termination, as the case may be, of such Credit Facility will not adversely affect the tax-exempt status of interest on the Bonds and an Opinion of Counsel to the effect that such Credit Facility is the legal, valid and binding obligation of the Credit Facility Provider, enforceable in accordance with its terms. Upon provision of a Credit Facility to the Trustee and the foregoing Opinion of Bond Counsel to the Authority and the Trustee, the Trustee shall accept such Credit Facility and, if so directed by the Company, upon the effective date of the Credit Facility promptly surrender the previously held Credit Facility, if any, in accordance with the respective terms thereof for cancellation. If at any time there shall cease to be any Bonds Outstanding secured by a Credit Facility or provision for payment of such Bonds has been made in accordance with the defeasance provisions of the Indenture, the Trustee shall promptly surrender such Credit Facility in accordance with the terms of the Credit Facility for cancellation. The Trustee shall comply with the procedures set forth in the Credit Facility relating to the termination thereof.

Not less than 15 days (or such shorter period as is acceptable to the Trustee) prior to the termination, removal, substitution or delivery of any such Credit Facility or the expiration of an existing Credit Facility with respect to the Bonds, the Company shall send written notice of such termination, removal, substitution, delivery or extension to the Trustee together with, as applicable, an agreement to extend the Credit Facility.

Merger and Consolidation

The Company agrees that during the term of the Loan Agreement and so long as any Bond is outstanding, it will maintain its existence, will not dissolve, liquidate or otherwise dispose of all or substantially all of its assets,

and will not consolidate with or merge into another legal entity or permit one or more other legal entities (other than one or more subsidiaries of the Company) to consolidate with or merge into it. Any dissolution, liquidation, disposition, consolidation or merger (a "*Transaction*") shall be subject to the following conditions, among others:

- the Company provides a certificate to the Authority and Trustee, in form and substance satisfactory to such parties, to the effect that no event of default exists under the Loan Agreement or the Indenture and that no event of default thereunder will be caused by the Transaction;

- the entity surviving the Transaction (the "*Survivor*") is organized and existing under the laws of the United States, a state thereof or the District of Columbia and assumes in writing and without condition or qualification the obligations of the Company under each of the Loan Agreement, the Tax Agreement, the Purchase Contract, the Initial Reimbursement Agreement, the Remarketing Agreement, the Supplemental Indenture and the First Mortgage Bond (collectively, the "*Company Agreements*");

- such dissolution, liquidation, disposition, consolidation or merger is permitted under the Mortgage;

- the Company or the Survivor, within ten days after execution thereof, furnishes to the Authority and Trustee a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger;

- neither the validity nor the enforceability of the Bonds, the Indenture or any material agreement related to the Bonds to which the Company is a party is adversely affected by the Transaction;

- the exclusion of the interest on the Bonds from gross income for federal income tax purposes is not adversely affected by the Transaction, and the provisions of the Act, the Indenture and the Company Agreements then in effect are complied with concerning the Transaction;

- no rating on the Bonds, if the Bonds are then rated, is reduced or withdrawn as a result of the Transaction;

- the Project continues to be as described in the Loan Agreement;

- any successor to the Company shall be qualified to do business in the State of Illinois and shall continue to be qualified to do business in the State throughout the term of the Loan Agreement; and

- the Authority has executed a certificate acknowledging receipt of all documents, information and materials described above.

Defaults and Remedies

Each of the following events will constitute an "*event of default*" under the Loan Agreement:

(a) failure by the Company to pay any loan repayments under the Loan Agreement on the dates and in the manner specified therein and the continuation of such failure after the expiration of any grace period applicable to the First Mortgage Bond under the Mortgage (see "THE FIRST MORTGAGE BOND AND THE MORTGAGE – Default and Notice Thereof to First Mortgage Bondholders"); or

(b) failure by the Company to observe and perform any of its Loan Agreement covenants or agreements, other than as referred to in clause (a) above, which shall occur and continue for a period of 60 days after receipt by the Company of written notice from the Authority or the Trustee, specifying such failure and requesting that it be remedied, unless (A) the Authority and the Trustee agree in writing to extend such time prior to its expiration or (B) the failure is such that it can be corrected (but not within such 60 day period) and corrective action is instituted by the Company within such 60-day period and diligently pursued until such failure is corrected; or

(c) the occurrence and continuation of an event of default under the Mortgage; or

(d) the occurrence and continuation of an event of default under the Indenture.

The failure to observe any covenant, agreement or representation referred to in clause (b) above, which failure results in interest on the Bonds becoming includible for federal income tax purposes in the gross income of any owner of a Bond (other than an owner who is a "substantial user" of the Project or a "related person" as defined in Section 103(b)(13) of the 1954 Code) shall not be an event of default under the Loan Agreement, and shall not give rise to any action by any Bondholders for breach of such covenant, agreement or representation so long as the Company is proceeding to redeem the First Mortgage Bond in order to effect the redemption of the Bonds upon a Determination of Taxability as described above (see "THE BONDS – Mandatory Redemption").

The Trustee, as assignee of the Authority and as an owner of the First Mortgage Bond, may, upon the occurrence of any event of default under the Mortgage, shall have the remedies provided in the Mortgage for owners of bonds issued under it. See "THE FIRST MORTGAGE BOND AND THE MORTGAGE – Rights Upon Default."

In addition to such remedies, the Authority (on its behalf and without the consent of the Trustee) or the Trustee, as assignee of certain rights of the Authority, may at any time take action at law or in equity to collect any payments then due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under the Loan Agreement.

Any amounts collected upon an Event of Default under the Loan Agreement will be deposited with the Trustee and applied in accordance with the Indenture.

Amendments

The Loan Agreement may be amended subject to the limitations contained in the Indenture. See "THE INDENTURE — Amendment of the Loan Agreement or First Mortgage Bond."

THE INDENTURE

The following statements with respect to the Indenture are brief summaries of certain provisions thereof and do not purport to be complete; such statements are subject to the detailed provisions of the Indenture, including the definitions of the terms used under this caption. Wherever defined terms of the Indenture are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Pledge and Assignment

To secure the payment of the Bonds, the Authority pledges, assigns and grants a security interest to the Trustee in the following:

- all Revenues, which include all amounts received by the Authority or the Trustee for the account of the Authority pursuant to or with respect to the Loan Agreement, including, without limitation, Loan Repayments, prepayments, insurance proceeds, condemnation proceeds, and all interest, profits, or other income derived from the investment of amounts on any fund or account established pursuant to the Indenture, but not including any Administrative Fees and Expenses or any money required to be deposited in the Rebate Fund or the Purchase Fund,

- any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (other than the Purchase Fund and the Rebate Fund) and

- the First Mortgage Bonds

(collectively, such Revenues, other amounts and the First Mortgage Bonds are referred to as the "*Trust Estate*"). In addition, the Authority grants a security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, all of the right, title and interest of the Authority in the Loan Agreement (except for (i) the right to receive any Additional Authority Payments to the extent payable to the Authority under the Loan Agreement, (ii) Unassigned Authority Rights, and (iii) the obligation of the Company to make deposits pursuant to the Tax Certificate and Agreement).

Application of Proceeds

All of the proceeds received by the Authority upon the sale of the Bonds shall be deposited with the Trustee for further deposit with the prior trustee under the Indenture governing the Prior Bonds. Such funds, together with additional amounts deposited with the Prior Trustee by the Company, will be used to provide for the payment of the principal of and premium and accrued interest to the redemption date on the Prior Bonds.

Defaults

Each of the following events will constitute an "*Event of Default*" under the Indenture:

- default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable;
- default in the due and punctual payment of any installment of interest on any Bond when and as the same shall become due and payable;
- default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Credit Facility Provider (if any) or the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding;
- the occurrence of an event of default under the Loan Agreement;
- receipt by the Trustee of written notice from the Credit Facility Provider, if any, that an "Event of Default" (as defined in the Reimbursement Agreement) has occurred under a Reimbursement Agreement (which notice may include a statement that the amount available for interest drawings under the Credit Facility will not be reinstated) and requesting acceleration of the Bonds; or
- a failure to pay the Purchase Price when due.

Remedies and Rights of Bondholders

During the continuance of an Event of Default described in the first four bulleted sentences in the preceding section, unless the principal of all the Bonds shall have already become due and payable, the Trustee upon the written request of the Credit Facility Provider, if any, or the Holders of not less than 66-2/3% in aggregate principal amount of the Bonds at the time Outstanding with the consent of the Credit Facility Provider, if any, or upon the occurrence of an Event of Default described in the fifth and sixth bulleted sentence in the preceding section, the Trustee shall, promptly upon such occurrence, by notice in writing to the Authority, the Company and the Credit Facility Provider, if any, declare the principal of all the Bonds then Outstanding and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration, the Trustee shall promptly draw upon any then existing Credit Facility in accordance with its terms and apply the amount so drawn to pay the principal of and interest on the Bonds enhanced by such Credit Facility so declared to be due and payable. Interest on the Bonds shall cease to accrue as of the date of declaration. The Trustee, as promptly as feasible following acceleration of the Bonds, shall notify the Bondholders of the date of

acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption; provided, however, that failure to give such notice shall not affect the acceleration of the Bonds. In the event that the principal of or interest on Bonds shall be paid by the Credit Facility Provider pursuant to the terms of the Credit Facility (i) the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the Bondholders shall continue to exist, such Bonds shall still be considered outstanding and the Credit Facility Provider shall be fully subrogated to all of the rights of such Bondholders in accordance with the foregoing terms and conditions and the provisions of the Credit Facility, and (ii) the Authority will pay to the Credit Facility Provider the principal of and interest on such Bonds, but only from the sources and in the manner provided in the Indenture.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered as provided, and before any Credit Facility has been drawn upon in accordance with its terms and honored, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal as provided in the Loan Agreement, and the reasonable fees and expenses of the Trustee, including reasonable fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee and the Credit Facility Provider, if any, or provision deemed by the Trustee and the Credit Facility Provider, if any, to be adequate shall have been made therefor, then, and in every such case, the Credit Facility Provider, if any, or the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, with the written consent of the Credit Facility Provider, if any, and confirmation that the Credit Facility, if any, has been reinstated to the Required Stated Amount, by written notice to the Authority and to the Trustee, may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon; and provided further that no such recission and annulment shall be permitted with respect to an Event of Default described under the 5th bullet sentence above unless the Credit Facility Provider confirms that, in addition to reinstating the Credit Facility to the Required Stated Amount, that the Credit Facility will not be terminated in accordance with its terms and that the notice of default has been rescinded. Notwithstanding any other provision of the Indenture except as provided in the following sentence, the Trustee may not exercise any remedy in the event of an Event of Default described in the first four bulleted sentences in the preceding section without the written consent of the Credit Facility Provider, if any, so long as the Credit Facility is in effect and the Credit Facility Provider, if any, is not in default under its payment obligations under the Credit Facility. The Trustee may exercise any and all remedies under the Indenture and the Loan Agreement (except acceleration) to collect any fees or expenses due from the Company to the Trustee or the Authority without obtaining the consent of the Credit Facility Provider, if any; provided that the Trustee shall first provide written notice to the Credit Facility Provider, if any, of its intent to exercise such remedies and provide the Credit Facility Provider, if any, with an opportunity to cure any failure of the Company with respect to such fees, expenses and indemnification prior to exercising any such remedy.

The Trustee, as the assignee of certain rights, titles and interests of the Authority in and to the Loan Agreement, may enforce each and every right, title and interest so assigned.

The Trustee may enforce any rights under the Indenture even if it does not possess any of the Bonds or does not produce any of them in the proceeding. No delay or omission by the Trustee, the Credit Facility Provider (if any) or any Bondholder in exercising any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of or acquiescence in any such default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust of the Indenture or any other remedy thereunder, unless, among other things, such Holder shall have given to the Trustee written notice of the occurrence of the Event of Default, the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made a written request to the Trustee, either to exercise the powers granted or to institute such action, suit or proceeding and shall have offered to the Trustee proper indemnity, and the Trustee shall for 60 days after such

notice, request and offer of indemnity fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy thereunder. No one or more Holders of the Bonds shall have any right in any manner whatsoever to enforce any right under the Indenture except in the manner therein provided, and all proceedings at law or in equity shall be instituted, had and maintained in the manner provided therein and for the equal and ratable benefit of the Holders of all Bonds then outstanding. Nothing contained in the Indenture shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of and premium, if any, and interest on any Bond at and after the maturity thereof.

So long as the Credit Facility Provider is not in default under the Credit Facility, the Credit Facility Provider shall be deemed to be the owner of the Bonds for the purpose of all approvals, consents, waivers or institution of any action and the direction of all remedies, except as otherwise provided in the Indenture, including, without limitation, taking any action with respect to the amendment or enforcement of the First Mortgage Bond.

Defeasance

The Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture on the Bonds by the Authority:

- by paying or causing to be paid the principal or Redemption Price of and interest on the Bonds, as and when the same become due and payable, but, if a Credit Facility which is a letter of credit is in effect, such payment must be made from money paid pursuant to the Credit Facility;

- by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem all Bonds then Outstanding, but, if a Credit Facility which is a letter of credit is in effect, such payment must be made (or such securities must be provided) from money paid pursuant to the Credit Facility; provided that prior to any such deposit the Trustee shall have received from each Rating Agency then rating the Bonds, written confirmation that such action will not result in a reduction or withdrawal of the ratings on the Bonds; the money or securities so to be deposited or held by the Trustee pursuant to this bulleted sentence shall be:

  - lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity (based on the Maximum Rate for periods for which the actual interest rate is not known), except that, in the case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date (based on the Maximum Rate for periods for which the actual interest rate is not known); or

  - Investment securities consisting of

    (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in subparagraph (2) below), or

    (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America (not callable by their issuer prior to maturity, unless such call by the issuer was anticipated in the verification report relating to the escrow of which such investment securities are a part),

  the principal of and interest on which when due (without any income from its reinvestment) will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed (based on the Maximum Rate for periods for which the actual interest rate is not known), as such

principal or Redemption Price and interest become due, provided that, in the case of Bonds that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by request of the Authority) to apply such money to the payment of such principal or Redemption Price and interest on such Bonds. However, if a Credit Facility then secures the Bonds, such money or investment securities shall be paid from the fund derived from the Credit Facility, if it is a letter of credit.

- by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority and no amounts are owing under the Credit Facility (if any) and such Credit Facility is cancelled, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture and upon receipt by the Trustee and the Credit Facility Provider (if any) of an Opinion or Opinions of Counsel to the effect that the obligations under the Indenture and the Bonds have been discharged, and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture shall be completely discharged and satisfied, except as otherwise provided in the Indenture.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate, become void and be completely discharged and satisfied, except only that thereafter the Holder thereof shall be entitled to payment of the principal or Redemption Price of and interest on such Bond by the Authority and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for its payment.

Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture (other than the Purchase Fund and the Rebate Fund).

Notwithstanding any provisions of the Indenture, any money held by the Trustee in trust for the payment of Redemption Price or the principal of, or interest on, any Bonds and remaining unclaimed for four years (or, if less, one day before such moneys would escheat to the State of Illinois under then applicable Illinois law) after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if that money was so held at such date, or four years (or, if less, one day before moneys would escheat to the State of Illinois under then applicable Illinois law) after the date of deposit of moneys if deposited after the date when all of the Bonds became due and payable, shall be repaid to the Company (unless such moneys are proceeds of the Credit Facility and moneys are owed to the Credit Facility Provider (if any) by the Company, in which event to the Credit Facility Provider (if any)) free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Trustee indemnifying the Trustee with respect to claims of Holders of Bonds that have not yet been paid, and all liability of the Trustee with respect to that money shall cease; provided, however, that before that repayment of such moneys to the Company or the Credit Facility Provider (if any), the Trustee may (at the cost of the Company) first mail to the Holders of Bonds that have not yet been paid, at the addresses shown on the bond registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Company or the Credit Facility Provider (if any) of the money held for their payment.

Supplemental Indenture

The Indenture may be modified or amended from time to time by the Authority and the Trustee, with notice to and the consent of other parties as provided in the Indenture, without the consent of the Bondholders but with the consent of the Credit Facility Provider, if any, if the Trustee determines that the provisions of the supplemental indenture implementing such modifications and amendments will not materially adversely affect the interests of Holders, including, without limitation, for any one or more of the following purposes:

- to add to the covenants and agreements of the Authority subsequently to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power in the Indenture reserved to or conferred upon the Authority;

- to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable and not inconsistent with the Indenture;

- to modify, amend or supplement the Indenture in such manner as to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such act or similar federal statute;

- to make the Bonds eligible for deposit with any Securities Depository;

- to obtain a rating on the Bonds;

- to conform to the terms and provisions of any liquidity facility delivered pursuant to the Indenture or any Credit Facility; or

- to make any modification or amendment to the Indenture, even if consent of Holders would otherwise be required, (i) if such amendment will be effective upon the remarketing of Bonds following a mandatory purchase, as described above under "THE BONDS – Mandatory Purchase of Bonds" or (ii) with respect to Bonds in a Daily Mode or a Weekly Mode only, if notice of such proposed modification or amendment is given to Holders (in the same manner as notices of redemption are given) at least 15 days before the effective date thereof and on or before such effective date, the Holders have the right to demand purchase of their Bonds as described under "THE BONDS -- Purchase of Bonds on Demand of Owner"; provided, that, on or prior to the effective date of such modification or amendment, the Trustee shall obtain a Favorable Opinion of Bond Counsel.

The Indenture also may be modified or amended from time to time when the written consent of (i) the Credit Facility Provider, if any (so long as the Credit Facility is in effect or any amounts are owing to the Credit Facility Provider, if any, and the Credit Facility Provider, if any, is not then in default under its payment obligations under the Credit Facility), (ii) the Company (provided it is not in default under the Loan Agreement) and (iii) the Holders of a majority in aggregate principal amount of all Bonds then Outstanding (if the Credit Facility is no longer in effect or the Credit Facility Provider, if any, is then in default under its payment obligations under the Credit Facility), shall have been filed with the Trustee. No such modification or amendment shall:

- extend the fixed maturity of any Bond, or reduce the amount of principal, or change the method of computing the rate of interest, or extend the time of payment of interest, or reduce any premium payable upon redemption, without the consent of the Holder of each Bond so affected, or

- reduce the percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as

expressly provided in the Indenture), without the consent of the Holders of all of the Bonds then Outstanding, or

- modify any of the rights or obligations of the Trustee without its prior written consent; nor shall the Trustee be required to consent to any such amendment that adversely affects its rights or obligations under the Indenture or under the Loan Agreement, the Credit Facility or the Remarketing Agreement.

It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture described in this paragraph, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency then rating the Bonds, to the Credit Facility Provider, if any, the Company and to the Holders of the Bonds at the addresses shown on the bond registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Amendment of the Loan Agreement or First Mortgage Bond

The Loan Agreement or the First Mortgage Bond may be amended with the prior written consent of the Trustee and the Credit Facility Provider, but without the consent of or a notice to any of the Holders, or the Authority and the Company may consent to the amendment or modification thereof in any manner not inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- to cure any ambiguity or formal defect in the Loan Agreement or the First Mortgage Bond;

- to grant to or confer upon the Authority or Trustee, for the benefit of the Holders, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Authority or the Trustee;

- to amend or modify the Loan Agreement, or any part thereof, in any manner specifically required or permitted by the terms thereof, including, without limitation, as may be necessary to maintain the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds;

- to provide that Bonds may be secured by a Credit Facility or other additional security not otherwise provided for in the Indenture or the Loan Agreement;

- to modify, amend or supplement the Loan Agreement, or any part thereof, or any supplement thereto, in such manner as the Trustee, the Company and the Remarketing Agent deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to tax-exempt obligations of the type that includes the Bonds;

- to provide for the appointment of a successor Securities Depository;

- to provide for the availability of certificated Bonds;

- to provide for the addition of any interest rate mode, or to provide for the modification or deletion of any interest rate mode so long as no Bonds will be operating in the interest rate mode when it is to be so modified or deleted, or to amend, modify or alter the interest rate setting provisions, tender provision or conversion provisions for any then existing interest rate mode so long as no Bonds will be operating in the interest mode when such provisions are to be so amended, modified or altered;

- to provide for the appointment of a liquidity facility provider and the application of a liquidity facility as described in the Indenture;

provided that, in each case, there is delivered to the Trustee an Opinion of Bond Counsel stating that any such addition, deletion, amendment, modification or alteration will not adversely affect any exclusion from gross income

for purposes of federal income taxation of interest on the Bonds. In addition, the Loan Agreement or the First Mortgage Bond may be amended with the written consent of the Trustee and the Credit Facility Provider, but without the consent of or a notice to any of the Holders, to make any other change which does not, in the opinion of the Trustee, have a material adverse effect upon the interests of the Holders.

In addition, the Trustee may, with the consent of the Credit Facility Provider, if any, grant such waivers of compliance by the Company with the provisions of the Loan Agreement as to which the Trustee may deem necessary or desirable to effectuate the purposes or the intent of the Loan Agreement and which, in the opinion of the Trustee, do not have a material adverse effect upon the interests of the Bondholders, provided that the Trustee shall file with the Authority any and all such waivers granted by the Trustee within three business days thereof.

The Indenture provides that the Bonds are initially secured by the Initial Credit Facility and no separate facility providing for the payment of the Purchase Price of Bonds tendered and not remarketed is required. If a Substitute Credit Facility is delivered that does not include provision for the payment of the Purchase Price of unremarketed Bonds, and if the Bonds are in a Mode in which the Bonds may be tendered for purchase, the Indenture and the Loan Agreement may be amended by the Authority upon the request of the Company to provide for a liquidity facility for the Bonds in addition to such Substitute Credit Facility. No consent shall be required of the Bondholders to any such amendment.

The Trustee

Except during the continuance of an Event of Default, the Trustee will undertake to perform such duties and only such duties as are specifically set forth in the Indenture. During the existence of any Event of Default (that has not been cured), the Trustee shall exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent trustee would exercise or use under the circumstances in the conduct of his or her own affairs.

The Trustee may at any time resign by giving written notice to the Authority, the Company, the Credit Facility Provider (if any), the Remarketing Agent (if any) and the Holder of each Bond. Such resignation will only take effect upon the acceptance of appointment by a successor trustee. The Authority may, and upon written request of the Company shall, remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint, with the written consent of the Company, a successor Trustee by an instrument in writing. In each case, such removal will only take effect upon the acceptance of appointment of the successor trustee. Notwithstanding any other provision of the Indenture to the contrary, no removal, resignation or termination of the Trustee may take effect until a successor trustee has accepted appointment.

The Trustee must at all times be a trust company or bank having the powers of a trust company in the State of Illinois, having a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority, and having an office in Illinois.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 (the "*Rule*") promulgated by the Commission, the Company will covenant in a Continuing Disclosure Agreement (the "*Continuing Disclosure Agreement*") for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, to take the following actions:

- The Company will:
  - file annual reports on Form 10-K as required under Sections 13 or 15(d) of the Exchange Act, or
  - if the Company is not required to file a Form 10-K under the Exchange Act at any time during the term of the Bonds, provide to each nationally recognized municipal securities information repository ("*NRMSIR*") and to each state information depository, if any, for the State of Illinois (none currently exists) (the "*SID*"), in each case as designated by the Commission in accordance with the Rule, (1) certain financial and operating data relating to the Company and comparable to certain information contained in a Form 10-K and (2) audited financial statements prepared in accordance with generally accepted accounting principles, in each case not later than 120 days after the end of the Company's fiscal year (the "*Annual Report*");
- The Company will provide, in a timely manner, to each NRMSIR and the SID, if any, notice of failure of the Company to provide any Annual Report on or before the date specified in the Continuing Disclosure Agreement.
- The Company will provide, in a timely manner, to each NRMSIR and the SID, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material: (i) principal and interest payment delinquencies, (ii) non-payment related defaults, (iii) any unscheduled draws on debt service reserves reflecting financial difficulties, (iv) any unscheduled draws on credit enhancements reflecting financial difficulties, (v) substitution of credit or liquidity providers, or their failure to perform, (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds, (vii) modifications to rights of Holders or Beneficial Owners of the Bonds, (viii) the giving of notice of optional or unscheduled redemption of any Bonds, (ix) defeasance of the Bonds or any portion thereof, (x) release, substitution, or sale of property securing repayment of the Bonds; and (xi) rating changes with respect to the Bonds.

These covenants have been made in order to assist the Underwriters in complying with the Rule.

The Company may modify from time to time the specific types of information provided or the format of the presentation of such information, as a result of change in its legal requirements or change in the nature of the Company; *provided* that any such modification will be done in a manner consistent with the Rule and will not, in the opinion of the Trustee (who may rely on an opinion of counsel), materially impair the interests of the holders of the Bonds.

The Company acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of each holder of the Bonds. Breach of the undertaking will not constitute a default with respect to the Bonds or the First Mortgage Bond or under the Indenture, the Mortgage or the Loan Agreement, but the undertaking may be enforced by any Beneficial Owner of the Bonds by an action for specific performance. Beneficial Owners of Bonds may wish to file their names and addresses with the Trustee for the purposes of receiving notices or giving direction under the Continuing Disclosure Agreement.

Any individual Holder or Beneficial Owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the Company to comply with any provision of the Continuing Disclosure Agreement. Any such proceedings (including any proceeding that contests the sufficiency of the information provided by the Company in accordance with the Continuing Disclosure Agreement) may be instituted and maintained only by the Holders and Beneficial Owners of not less than 25% in aggregate principal amount of the Bonds then outstanding or their agent.

The Continuing Disclosure Agreement will remain in effect only for such period that any of the Bonds are outstanding in accordance with their terms and the Company remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Company is in compliance with all of its previous continuing disclosure undertakings.

LITIGATION

The Authority

There is no pending (as to which the Authority has received service of process) or, to the knowledge of the Authority, threatened litigation against the Authority that in any way questions or materially affects the validity of the Bonds, the validity or enforceability of the Loan Agreement or the Indenture or any proceedings or transactions relating to the issuance, sale or delivery of the Bonds or that may materially adversely affect the refunding of the Prior Bonds.

The Company

There is no pending (as to which the Company has received service of process) or, to the knowledge of the Company, threatened litigation against the Company: (i) that in any way questions or materially affects the validity of the Bonds or the First Mortgage Bond, the validity or enforceability of the Loan Agreement or the Indenture or any proceedings or transactions relating to the issuance, sale or delivery of the Bonds or that may materially adversely affect the refunding of the Prior Bonds; or (ii) in which the Company's management believes an adverse determination is likely that would have a materially adverse effect on the financial position of the Company.

UNDERWRITING

J.P. Morgan Securities Inc. and Cabrera Capital Markets, LLC (the *"Underwriters"*) will agree, subject to certain conditions, to purchase the Bonds at a price equal to 100% of the principal amount thereof. The Company will pay the Underwriters a fee of $227,500 for their services as underwriters for the Bonds. The Underwriters may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof, and the offering price set forth on the cover page may be changed after the initial offering by the Underwriters.

The Purchase Contract among the Authority, the Company and the Underwriters will provide that the Underwriters will purchase all of the Bonds if any of the Bonds are purchased. The Company will agree in the Purchase Contract to indemnify the Underwriters and the Authority against certain liabilities, or to contribute to any payments required to be made by the Underwriters relating to such liabilities, including liabilities under the federal securities laws.

In the ordinary course of its business, the Underwriters and some of their affiliates have engaged and, in the future, may engage in investment banking and/or commercial banking transactions with the Company and its affiliates.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "*Code*"), and the Internal Revenue Code of 1954, as amended (the "*1954 Code*"), contain a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and the facilities financed or refinanced therewith and certain other matters. The Authority and the Company have covenanted to comply with all requirements of the Code and the 1954 Code that must be satisfied in order for the interest on the Bonds to be excludible from gross income. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income retroactive to the date of issuance of the Bonds.

Subject to the condition that the Authority and the Company comply with the above-referenced covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds will not be includible in the gross income of the owners thereof for federal income tax purposes except for interest on any Bond for any period during which the Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such

a person (within the meaning of Section 103(b)(13) of the 1954 Code). Bond Counsel is further of the opinion that interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certificates of the Authority and the Company with respect to certain material facts solely within the Authority's and the Company's knowledge relating to the property financed or refinanced with the proceeds of the Bonds and the application of the proceeds of the Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Agreement and other relevant documents may be changed and certain actions (including, without limitation, conversion of the interest mode on the Bonds and defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Pugh, Jones, Johnson & Quandt, P. C.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel has not verified these representations by independent investigation. Bond Counsel does not purport to be an expert in financial analysis, financial projections or similar disciplines. Failure of any of these factual representations to be correct may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. The opinion of Bond Counsel expresses the professional judgment of Bond Counsel regarding the legal issues expressly addressed therein. By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code or to state law, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal or state income taxation, or otherwise prevent the owners from realizing the full current benefit of the tax status of the interest on the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending federal or state legislation, as to which Bond Counsel expresses no view.

Bond Counsel is not obligated to defend the Authority or the Company, regarding the tax-exempt status of the Bonds in the event of an examination by the IRS. Under current IRS procedures, the owners and other parties other than the Authority would have little, if any, right to participate in an IRS examination of the Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt bonds is difficult, obtaining independent review of IRS positions with which the Authority or the Company legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for examination, or the course or result of such an examination, or an examination of bonds presenting similar tax issues may affect the market price, or the marketability, of the Bonds, and may cause the Authority, the Company or the owners to incur significant expense.

Section 6049 of the Code requires information reporting for payments of tax-exempt interest, applicable to interest paid after December 31, 2005. The IRS has published transitional guidance for information reporting requirements for payments of interest on tax-exempt bonds, including circumstances under which "backup withholding" may be required.

Interest on the Bonds is not exempt from present State of Illinois income taxes.

The Bonds are being issued by the Illinois Finance Authority to refund the Prior Bonds. The Authority is also issuing today its $50,000,000 aggregate principal amount Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008D (the "*Series 2008D Bonds*") to refund $50,000,000 aggregate principal amount of Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2003C of the Illinois Development Finance Authority. For certain federal income tax purposes the Bonds and the Series 2008D Bonds will be treated as a single issue of bonds, and if interest on either issue treated as not excludable from gross income for federal income tax purposes, that could result in the interest on both issues being treated as not excludable from gross income for federal income tax purposes.

The law firm of Foley & Lardner LLP, Chicago, Illinois, is serving as bond counsel for the Series 2008D Bonds. The opinion of Pugh, Jones, Johnson & Quandt, P. C., as to the tax exempt character of interest on the Bonds relies upon the opinion of Foley & Lardner LLP as to the tax-exempt character of interest on the Series 2008D Bonds without making any independent examination in that regard.

CERTAIN LEGAL MATTERS

The issuance of the Bonds is subject to the approving legal opinion of Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, as Bond Counsel ("*Bond Counsel*") which has been retained by the Company, and the Underwriters' obligations to purchase the Bonds are subject to the issuance of Bond Counsel's approving opinion with respect thereto. Bond Counsel has not been retained or consulted on disclosures matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material related to the Bonds. Bond Counsel assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement except that in its capacity as Bond Counsel, Pugh, Jones, Johnson & Quandt, P.C., at the request of the Underwriters, has reviewed the statements under the captions "THE BONDS" (other than under the subcaptions "Special Considerations Relating to the Bonds" and "Book-Entry System"), "THE LOAN AGREEMENT" and "THE INDENTURE" in this Official Statement solely to determine if those statements accurately summarize the portions of those documents that are so summarized. Bond Counsel has also reviewed the statements under the caption "TAX EXEMPTION" solely to determine whether the reviewed statements are accurate. Such review was undertaken solely at the request and for the benefit of the Underwriters. Pugh, Jones, Johnson & Quandt, P.C. provides legal services to Exelon Corporation and its subsidiaries, including the Company, from time to time.

Certain legal matters will be passed upon for the Company by its counsel, Sidley Austin LLP. Certain legal matters will be passed upon for the Authority by its counsel, Kevin M. Cahill, Esquire. Certain legal matters will be passed upon for the Underwriters by their counsel, Winston & Strawn LLP. Winston & Strawn LLP provides legal services to Exelon Corporation and its subsidiaries, including the Company, from time to time.

RELATIONSHIP OF PARTIES

The Mortgage Trustee is an affiliate of The Bank of New York Trust Company, N.A., the Trustee under the Indenture.

MISCELLANEOUS

The attached Appendices (including the documents incorporated by reference therein) are an integral part of this Official Statement and must be read together with the balance of this Official Statement.

The distribution of this Official Statement has been duly authorized by the Authority. The Authority neither has nor assumes, however, any responsibility for the accuracy or completeness of any information contained herein (other than under "THE AUTHORITY" and "LITIGATION — The Authority") or in the Appendices hereto, all of which has been furnished by others.

NEW ISSUE—BOOK-ENTRY ONLY

Subject to compliance by the Authority and the Company with certain covenants, in the opinion of Foley & Lardner LLP, Chicago, Illinois, Bond Counsel, under present law, interest on the Bonds will not be includible in the gross income of the owners thereof for federal income tax purposes, except for interest on any Bonds for any period during which they are held by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) and to the extent that such interest will be taken into account in computing the corporate alternative minimum tax and the branch profits tax. Interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. See the heading "TAX EXEMPTION" herein for a more detailed discussion of some of the federal tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Illinois income taxes.

$49,830,000

ILLINOIS FINANCE AUTHORITY

POLLUTION CONTROL REVENUE REFUNDING BONDS

(Commonwealth Edison Company Project)
Series 2008E

Dated: Date of Original Issuance **Due: May 1, 2021**

The Bonds will be issued to refund certain obligations issued to refinance the cost of certain pollution control and solid waste disposal facilities of Commonwealth Edison Company. The Bonds will be special, limited obligations of the Authority, and will be payable, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, from and secured by a pledge of payments to be made under a Loan Agreement with, and secured by a First Mortgage Bond to be issued by Commonwealth Edison Company

and from funds drawn under an irrevocable letter of credit issued by SunTrust Bank

The Letter of Credit will permit The Bank of New York Trust Company, N.A., as trustee (the "*Trustee*"), to draw up to an amount sufficient to pay the principal or purchase price of the Bonds and up to 53 days' interest accrued thereon at a maximum rate of 12%, all as described in this Official Statement. The Letter of Credit will expire on June 27, 2009, unless terminated earlier as described herein. Unless the Letter of Credit is extended or replaced as described herein, the Bonds will be subject to mandatory purchase prior to its expiration.

The Bonds will be issued in fully-registered form initially in denominations of integral multiples of $100,000 registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as securities depository of the Bonds. See "THE BONDS—Book-Entry System" herein.

The Bonds will initially accrue interest at the Weekly Rate in the Weekly Mode. The Interest Payment Date with respect to the Bonds while in the Weekly Mode is the first Business Day of each month and the Business Day immediately following the last Interest Period during which the Bonds bear interest at the Weekly Rate.

The interest rate of the Bonds may be converted from the Weekly Rate to a different rate basis, following mandatory tender for purchase (with no right to retain Bonds) on the related Purchase Date, as described herein. See "THE BONDS—Interest on the Bonds," "—Interest Rate Modes," "—Change of Modes" and "—Mandatory Purchase of Bonds" herein.

Principal of and premium, if any, and interest on the Bonds will be paid to Cede & Co. by wire transfer, subject to certain exceptions described herein.

PRICE 100%

The Bonds are special, limited obligations of the Authority, with a claim for payment solely from Revenues as defined in the Indenture under which the Bonds are issued (including payments under the Loan Agreement with the Company and under the Company's First Mortgage Bond). The Bonds do not have a claim for payment from any other funds of the Authority. The Bonds are not an obligation of the State of Illinois, and have no claim for payment from any State of Illinois appropriation or from any taxes.

The Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriters subject to the delivery of an approving legal opinion by Foley & Lardner LLP, Bond Counsel, in substantially the form attached as Appendix C and certain other conditions. Certain legal matters will be passed upon for the Company by Sidley Austin LLP, Chicago, Illinois; for the Authority by Kevin M. Cahill, Esq., Chicago Illinois; for the Underwriters by Winston & Strawn LLP, Chicago, Illinois; and for SunTrust Bank by King & Spalding LLP, Atlanta, Georgia. It is expected that delivery of the Bonds will be made on or about June 27, 2008 through the facilities of DTC.

Banc of America Securities LLC
Loop Capital Markets, LLC

This Official Statement is dated June 20, 2008 and the information contained herein speaks only as of that date.

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No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Illinois Finance Authority (the *"Authority"*), Commonwealth Edison Company (the *"Company"*), SunTrust Bank or Banc of America Securities LLC or Loop Capital Markets, LLC (the *"Underwriters"*). Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Company since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The Authority neither has nor assumes any responsibility as to the accuracy or completeness of the information in this Official Statement, other than that relating to the Authority under the captions "THE AUTHORITY" and "LITIGATION — The Authority."

In connection with the offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the securities offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Certain state securities regulations require that offering circulars for state and local government bonds set forth detailed information about any bonds of the Authority which are in default (whether or not the default relates to the bonds being sold). Information which is believed not to be material may, nevertheless, be deleted if the reason for the deletion is set forth in the offering circular. The Authority believes that certain bonds issued by it for the benefit of private corporations have been or may be in default. Further information regarding such defaulted bonds is available through the trustee for such bonds. However, the Authority believes that such information is not material to the sale of the Bonds, because the Bonds are payable from amounts received from the Company under the Loan Agreement and the First Mortgage Bond pledged under the Loan Agreement, and none of such defaults involves the Company.

OFFICIAL STATEMENT

$49,830,000

ILLINOIS FINANCE AUTHORITY

POLLUTION CONTROL REVENUE REFUNDING BONDS

(COMMONWEALTH EDISON COMPANY PROJECT)

SERIES 2008E

INTRODUCTORY STATEMENT

This Official Statement of the Illinois Finance Authority (the "*Authority*"), including the Appendices hereto and the documents incorporated by reference herein (the *"Official Statement"*), is provided to furnish certain information in connection with the sale of its Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2008E in the aggregate principal amount of $49,830,000 due May 1, 2021 (the *"Bonds"*). The Bonds will be issued pursuant to a Bond Indenture, dated as of June 1, 2008 (the *"Indenture"*), between the Authority and The Bank of New York Trust Company, N.A., Chicago, Illinois, as trustee (the *"Trustee"*). Terms not otherwise defined in this Official Statement shall have the respective meanings given to them in the Indenture.

The proceeds from the sale of the Bonds will be loaned by the Authority to Commonwealth Edison Company (the *"Company"*) pursuant to a Loan Agreement, dated as of June 1, 2008 (the "*Loan Agreement*"), between the Authority and the Company, to provide a portion of the funds necessary to redeem a portion of the Pollution Control Revenue Refunding Bonds (Commonwealth Edison Company Project) Series 2003, 2003B, and 2003D originally issued by the Illinois Development Finance Authority ("*IDFA*") in the aggregate principal amounts of $40,000,000, $42,200,000 and $19,975,000, respectively, and all of which are currently outstanding (the *"Prior Bonds"*). The Series 2003B and Series 2003D bonds refinanced other bonds issued through IDFA; and those bonds, along with the Series 2003 bonds refinanced bonds issued in 1977 by the Illinois Industrial Pollution Control Financing Authority, bonds issued in 1979 and 1983 by the Illinois Environmental Facilities Financing Authority, and bonds issued in 1984 by IDFA (the bonds issued in 1977, 1979, 1983 and 1984 are referred to as the "Original Bonds"), which financed the cost of certain pollution control and solid waste disposal facilities located in the State of Illinois (collectively, the *"Project"*). See "THE PROJECT" below in this Official Statement.

Pursuant to the Loan Agreement, the Authority will loan the proceeds from the sale of the Bonds to the Company and the Company will pledge as collateral security for such loan a series of its first mortgage bonds (the "*First Mortgage Bond*"). The First Mortgage Bond so pledged will be issued in an aggregate principal amount, with interest payments due, interest payment dates, maturity date and terms and provisions corresponding to the aggregate principal amount, interest payments, interest payment dates, maturity date and terms and provisions of the Bonds. The First Mortgage Bond in turn will be pledged by the Authority to the Trustee to secure repayment of the Bonds. The First Mortgage Bond will be issued under and secured by the Company's Mortgage, dated July 1, 1923, under which BNY Midwest Trust Company (the "*Mortgage Trustee*") and D.G. Donovan are now the trustee and the co-trustee, respectively, as amended and supplemented by a Supplemental Indenture, dated August 1, 1944, and subsequent supplemental indentures, and as to be further supplemented by a Supplemental Indenture, dated as of June 12, 2008 (the "*Supplemental Indenture*"), creating the First Mortgage Bond. The Company's Mortgage, as so supplemented and amended, is hereinafter referred to as the "*Mortgage*."

As holder of the First Mortgage Bond, the Trustee will, ratably with the holders of all other first mortgage bonds outstanding under the Mortgage, enjoy the benefit of a lien on substantially all of the property of the

Company. See "THE FIRST MORTGAGE BOND AND THE MORTGAGE—Security" for a description of the properties of the Company that are subject to the lien of the Mortgage. The Bonds will not be secured by a mortgage of, or security interest in, the Project. The First Mortgage Bond will be registered in the name of, and held by, the Trustee for the benefit of the registered owners of the Bonds (the "*Owners*") and will not be transferable except to a successor trustee under the Indenture.

Concurrently with the issuance of the Bonds, the Company will cause to be delivered to the Trustee an irrevocable letter of credit (the "*Letter of Credit*") issued by SunTrust Bank (the "*Credit Facility Provider*"), initially in the amount of $50,698,271. Under the Letter of Credit, the Trustee will be permitted to draw up to:

- an amount sufficient to pay the principal of the Bonds when due at maturity, upon redemption or upon acceleration, or the portion of the purchase price of Bonds tendered to the Trustee and not remarketed equal to the principal amount of such Bonds, plus

- an amount up to 53 days' interest accrued on the bonds (while bearing interest in the Daily Mode or Weekly Mode) computed at a maximum rate of 12% per annum.

The expiration date of the Letter of Credit is June 27, 2009, unless extended as provided under "THE LETTER OF CREDIT AND THE CREDIT FACILITY." The Letter of Credit may be replaced by a substitute credit facility prior to its expiration date as described under "THE LETTER OF CREDIT AND THE CREDIT FACILITY." If the Letter of Credit expires or is replaced by a substitute credit facility, the Bonds will be subject to mandatory tender for purchase, as described under "THE BONDS." The Letter of Credit will be issued pursuant to a Letter of Credit and Reimbursement Agreement dated as of May 9, 2008, as amended, among the Company, the financial institutions party thereto (including the Credit Facility Provider) and Barclays Bank plc, as Administrative Agent (the "*Administrative Agent*"). As used herein, the term "Letter of Credit" shall mean the initial Letter of Credit or any substitute credit facility delivered pursuant to the Indenture, the term "Credit Facility Provider" shall mean the issuer of the Letter of Credit then in effect and the term "Credit Facility" shall mean the agreement pursuant to which the Letter of Credit then in effect is issued, in each case unless the context clearly otherwise requires.

The Bonds are special, limited obligations of the Authority, with a claim for payment solely from Revenues as defined in the Indenture under which the Bonds are issued (including certain payments under the Loan Agreement with the Company and under the Company's First Mortgage Bond). The Bonds do not have a claim for payment from any other funds of the Authority. The Bonds are not an obligation of the State of Illinois, and have no claim for payment from any State of Illinois appropriation or from any taxes.

As originally issued, the Bonds will bear interest at the Weekly Rate in the Weekly Mode. See "THE BONDS." The interest rate on the Bonds can be converted from the Weekly Mode to an interest rate calculated on one of several other rate bases, following mandatory tender for purchase (without any right to retain) upon not less than five business days prior written notice to the Bondholders, in the case of a conversion to any Mode other than the Fixed Rate Mode, and upon not less than fifteen days prior written notice to the Bondholders, in the case of a conversion to the Fixed Rate Mode. See "THE BONDS—Interest on the Bonds" and "—Change in Modes."

The payments required to be made by the Company pursuant to the Loan Agreement are designed to be sufficient to enable the Authority to pay when due and payable the principal or purchase price of and premium, if any, and interest on the Bonds.

Brief descriptions of the Authority, the Bonds, the Letter of Credit, the Credit Facility, the Mortgage, the First Mortgage Bond, the Loan Agreement, the Indenture, the Continuing Disclosure Agreement and certain other documents are included in this Official Statement. Information regarding the business, properties and financial condition of the Company is included in, and incorporated by reference into, Appendix A. Information regarding the Credit Facility Provider is included in, and incorporated by reference into, Appendix B. The form of approving opinion of Bond Counsel is included in Appendix C. The descriptions herein of any of the foregoing agreements are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the Indenture. Copies of such documents may be obtained from the corporate trust office of the Trustee in Chicago, Illinois. All such

descriptions are further qualified in their entirety by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided in such documents and to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights.

THE AUTHORITY

Description of the Authority

The Authority is a body politic and corporate of the State of Illinois. The Authority was created under the Illinois Finance Authority Act (the *"Act"*), which consolidated seven of the State's previously existing financing authorities (the *"Predecessor Authorities"*). All bonds, notes or other evidence of indebtedness of the Predecessor Authorities were assumed by the Authority effective January 1, 2004. Under the Act, the Authority may not have outstanding at any one time bonds for any of its corporate purposes in an aggregate principal amount exceeding $26,650,000,000, excluding bonds issued to refund the bonds of the Authority or bonds of the Predecessor Authorities. Pursuant to the Act, the Authority is governed by a 15-member board appointed by the Governor of the State of Illinois with the advice and consent of the State Senate. The members receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties.

Bonds of the Authority

The Authority may from time to time issue bonds as provided in the Act for the purposes set forth in the Act. Any bonds issued by the Authority (and any interest thereon) shall not be or become an indebtedness or obligation, general or moral, of the State of Illinois or any political subdivision thereof nor be or become a pledge of the full faith and credit of the State of Illinois or any political subdivision thereof, other than the Issuer. The Bonds of the Authority as described herein are limited obligations of the Authority payable solely from the specific sources and revenues of the Authority specified in the Indenture authorizing the issuance of such Bonds. No Owner of any Bond shall have the right to compel any taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any or interest on the Bonds, and the Authority has no taxing power.

The Authority makes no warranty with respect to the Project or the use thereof. Further, the Authority has not prepared any material for inclusion in this Official Statement, except for the material under the headings "THE AUTHORITY" and "LITIGATION – The Authority". The distribution of this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization does not, however, constitute a representation or approval by the Authority of the accuracy or sufficiency of any information contained herein except to the extent of the material under the headings referenced in this paragraph.

The offices of the Authority are located at Two Prudential Plaza, 180 N. Stetson, Suite 2555, Chicago, Illinois 60601, and its telephone number is (312) 651-1300.

Illinois Environmental Facilities Financing Act

The Bonds are being issued pursuant to the Illinois Environmental Facilities Financing Act (the "Environmental Act"). Pursuant to the Environmental Act, the Authority may issue bonds for qualifying environmental facilities. Under the Environmental Act, the Authority may not have outstanding at any one time bonds issued pursuant to the Environmental Act in an aggregate principal amount exceeding $2,500,000,000.

Authority Advisors

D.A. Davidson & Co. and Scott Balice Strategies, LLC serve as co-senior financial advisers to the Authority. Additionally, certain legal matters with respect to the Bonds will be passed upon for the Authority by its special counsel, Kevin M. Cahill, Esq., Chicago, Illinois.

THE PROJECT

The facilities refinanced with the proceeds of the Prior Bonds were located at the following electric generating plants located in the State of Illinois and owned by the Company at the time of the issuance of the Original Bonds: Braidwood Station, Byron Station, Dresden Station, LaSalle County Station, and Quad Cities Station. Such facilities included facilities for pollution control and sewage and solid waste disposal, together with certain miscellaneous facilities functionally related and subordinate thereto.

THE COMPANY

See Appendix A to this Official Statement for a discussion of the Company and certain documents incorporated by reference therein.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Indenture and the form of Bond included therein for the detailed provisions of the Bonds.

General

The Bonds will be dated as of the date of the initial authentication and delivery thereof and will mature, subject to prior redemption, on the date set forth on the cover of this Official Statement. The Bonds will be issued as fully registered Bonds without coupons initially in authorized denominations of $100,000 or any integral multiple of $5,000 in excess thereof.

The Authority has established a book-entry-only system of registration for the Bonds (the "*Book-Entry System*"). Except as otherwise provided in the Indenture, The Depository Trust Company, New York, New York, or its successor as securities depository (the "*Securities Depository*") (or its nominee) will be the registered owner of the Bonds. By acceptance of a confirmation of purchase, delivery or transfer, each beneficial owner (a "*Beneficial Owner*") of an interest in the Bonds will be deemed to have consented to the Book-Entry System. The Securities Depository (or its nominee), as registered owner of the Bonds, will be the registered owner or holder of the Bonds for all purposes of the Indenture. The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a Bond.

Interest on the Bonds

Until converted to a different interest rate basis, or Mode, permitted under the Indenture, the Bonds will bear interest at the Weekly Rate in the Weekly Mode. The permitted Modes are: the "Daily Mode," the "Weekly Mode," the "Commercial Paper Mode," the "Indexed Mode," the "Term Rate Mode" and the "Fixed Rate Mode;" and the corresponding interest rates are the "Daily Rate," the "Weekly Rate," the "Commercial Paper Rate," the "Indexed Rate," the "Term Rate" and the "Fixed Rate." See "—Interest Rate Modes." The interest rate and, if applicable, the interest periods during the Commercial Paper Mode and the Indexed Mode will be determined by the Remarketing Agent; provided that the interest rate on the Bonds (other than Credit Facility Bonds) shall not exceed the lowest of 12% per annum, the maximum rate specified in any Credit Facility related to the Bonds and the maximum interest rate permitted by law. The interest rate Mode for the Bonds is subject to change to a different Mode from time to time as hereinafter described. See "—Change of Modes."

Interest on the Bonds is calculated under differing conventions as to the passage of time, depending upon the Mode, as described below:

- In a Daily Mode, a Weekly Mode, a Commercial Paper Mode, a SIFMA-based Indexed Mode and a Term Rate Mode of 360 days or less, interest is computed on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed.

- In a Term Rate Mode for more than 360 days and a Fixed Rate Mode, interest is computed on the basis of a 360-day year of twelve 30-day months.

- In all Indexed Modes other than a SIFMA-based Indexed Mode, interest is computed on the basis of a 360-day year for the number of days actually elapsed.

Interest on the Bonds in each Mode accrues at the rate determined on the Rate Determination Date during the Interest Period(s), and is payable on the Interest Payment Date(s) to the registered owners of the Bonds on the applicable Record Date(s), as indicated in the table below:

Mode	**Rate Determination Date**	**Interest Period**	**Interest Payment Date**	**Record Date**
Daily	Each Business Day commencing with the first day the Bonds become subject to the Daily Mode	Commences on a Business Day and extends to, but does not include, the next succeeding Business Day	First Business Day of each month	Business Day immediately preceding the Interest Payment Date
Weekly	Upon initial conversion to the Weekly Mode, a Business Day no later than the Mode Change Date; thereafter, each Wednesday or, if Wednesday is not a Business Day, the next Business Day after such Wednesday	Commences on the first day Bonds begin to accrue interest in Weekly Mode and ends on the next succeeding Tuesday; thereafter, commences on each Wednesday and ends on Tuesday of following week	First Business Day of each month	Business Day immediately preceding the Interest Payment Date
Commercial Paper	First day of an Interest Period, which must be a Business Day	Established by Remarketing Agent with a duration of from one to 270 calendar days	Business Day immediately following the end of an Interest Period having a duration of 180 days or less; and otherwise, each March 1 and September 1 prior to the end of the selected Interest Period and the Business Day immediately following the end of such Interest Period	Business Day immediately preceding the Interest Payment Date
Indexed	Date determined by the Remarketing Agent which shall be a Business Day at least one Business Day prior to the Mode Change Date	Commences on the first day Bonds begin to accrue interest in the Indexed Mode and ends on calendar day prior to the end of the specified period during which the Bonds bear interest at the Indexed Rate	Established by Remarketing Agent	15th calendar day of the month immediately preceding each Interest Payment Date

Mode	Rate Determination Date	Interest Period	Interest Payment Date	Record Date
Term Rate	A Business Day no earlier than 30 Business Days and no later than the Business Day immediately preceding the first day of an Interest Period	Commences on the first day Bonds begin to accrue interest in the Term Rate Mode and ends on last calendar day of selected Interest Period, which Interest Period shall be not less than 270 days	Each March 1 and September 1 prior to the end of the selected Interest Period and the Business Day immediately following the end of such Interest Period	15th calendar day of the month immediately preceding each Interest Payment Date
Fixed Rate	Date determined by the Remarketing Agent which shall be a Business Day at least one Business Day prior to the Mode Change Date	Commences on the first day Bonds begin to accrue interest in the Fixed Rate Mode and ends on calendar day prior to the final maturity date of the Bonds	Each March 1 and September 1 prior to the Maturity Date and on the Maturity Date	15th calendar day of the month immediately preceding each Interest Payment Date

So long as the Bonds are held in the Book-Entry System, the principal or redemption price of, interest on and purchase price of the Bonds will be paid in immediately available funds through the facilities of the Securities Depository. Otherwise, the principal or redemption price of the Bonds shall be payable by check in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee. Interest on the Bonds shall be paid to the person whose name appears on the bond registration books of the Trustee as their Holder as of the close of business on the Record Date for each Interest Payment Date. Payment of the interest on (i) any Bonds in a Daily Mode, a Weekly Mode, an Indexed Mode or a Term Rate Mode or any Bond in a Commercial Paper Mode shall be made by wire transfer in immediately available funds to an account within the United States of America designated by such Holder and (ii) any Bonds in a Term Rate Mode or a Fixed Rate Mode shall be made by check mailed by first class mail to such Holder at its address as it appears on such registration books, or, upon the written request of any Holder of at least $1,000,000 in aggregate principal amount of Bonds, submitted to the Trustee at least one Business Day prior to the Record Date, by wire transfer in immediately available funds to an account within the United States of America designated by such Holder. CUSIP number identification shall accompany all payments of principal or redemption price and interest whether by check or by wire transfer.

The Bonds are issuable only as fully registered Bonds in the following authorized denominations:

- in a Daily Mode, a Weekly Mode, a Commercial Paper Mode or a Term Rate Mode of 360 days or less, $100,000 and integral multiples of $5,000 in excess thereof; and

- in an Indexed Mode, a Term Rate Mode of more than 360 days or a Fixed Rate Mode, $5,000 and any integral multiple thereof.

If the Book-Entry System is discontinued and the Bonds are issued in certificated form, the Bonds may be transferred or exchanged for an equal aggregate principal amount of Bonds of other authorized denominations upon surrender of such Bonds at the office of the Trustee designated for such transfer or exchange, which is located at 111 Sanders Creek Parkway, East Syracuse, New York 13057, Attention Corporate Trust Operations Window (or such other address as the Trustee may designate to the Trustee), duly endorsed for transfer or accompanied by a written instrument of transfer or authorization for exchange, executed by the Holder or the Holder's duly authorized attorney. Except as provided in the Indenture, the Trustee will not be required to register the transfer or exchange of (i) any Bond during the 15 days immediately preceding (a) the date on which notice of redemption of bonds is given or (b) the date on which Bonds will be selected for redemption, or (ii) any Bond with respect to which the Holder has submitted a demand for purchase as described below under "THE BONDS – Purchase of Bonds on Demand of Owner." Registration of transfers and exchanges shall be made without charge to the Holders, except that the

Authority may require the Owner requesting registration of transfer or exchange to pay any required tax or governmental charge that may be imposed in relation to such transfers or exchanges.

The Bank of New York Trust Company, N.A. also has been appointed as Tender Agent under the Indenture. SunTrust Robinson Humphrey, Inc. has been appointed as Remarketing Agent for the Bonds (the "*Remarketing Agent*"). The Remarketing Agent may be removed by the Company in accordance with the Remarketing Agreement dated the date of issuance of the Bonds (the "*Remarketing Agreement*") between the Remarketing Agent and the Company. The Remarketing Agent may resign upon 30 days' notice to the Company in accordance with the Remarketing Agreement.

Certain Definitions

Each of the following terms shall have the meaning indicated:

"*Additional Payments*" means the payments so designated and required to be made by the Company pursuant to the Loan Agreement.

"*Administrative Fees and Expenses*" means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred, by the Authority or the Trustee.

"*Bondholder*" or "*Holder*" means, with respect to a Bond, the person in whose name such Bond is registered.

"*Business Day*" means (i) a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of Illinois, the State of New York or in any state in which the office of any Credit Facility Provider, any Remarketing Agent, any Tender Agent, or the Trustee is located are authorized to remain closed or (ii) a day on which the New York Stock Exchange is closed.

"*Code*" means the Internal Revenue Code of 1954, as amended, to the extent applicable in any instrument, and otherwise the Internal Revenue Code of 1986, as amended, or any successor statute to it, and any regulations promulgated under it.

"*Credit Facility*" means a letter of credit, including, if applicable, a confirming letter of credit, bond insurance policy or similar credit facility issued by a commercial bank, savings institution, insurer or other financial institution which, by its terms, shall secure the payment of the principal of and interest on Bonds when due, delivered to the Trustee pursuant to the Loan Agreement, including a Substitute Credit Facility. Initially the Credit Facility is a Letter of Credit, provided by SunTrust Bank. While Bonds are in a Daily Mode or a Weekly Mode, the Credit Facility shall also provide for the payment of the Purchase Price of Bonds tendered and not remarketed, unless the Indenture is amended to provide for a separate liquidity facility. Unless the context requires otherwise with reference to a specific letter of credit, the term Credit Facility shall mean, to the extent applicable, the Reimbursement Agreement pursuant to which such letter of credit was issued.

"*Credit Facility Bonds*" means Bonds that have been purchased with the proceeds of a drawing under the Credit Facility and have not been remarketed and are either pledged (or required to be pledged) by the Company to the Credit Facility Provider or, if directed by the Credit Facility Provider to the Trustee, owned by the Credit Facility Provider to secure obligations of the Company under the Credit Facility.

"*Credit Facility Provider*" means the commercial bank, savings institution, insurer or other financial institution issuing a Credit Facility. In the case of a Credit Facility that is, or involves the issuance of a letter of credit, the term Credit Facility Provider shall mean the administrative agent appointed pursuant to the reimbursement agreement to act on behalf of the financial institutions having a risk participation in such Credit Facility issued pursuant to such reimbursement agreement, unless the context in which the term Credit Facility is used herein contemplates a reference to the institution that has issued a specific letter of credit.

"*Favorable Opinion of Bond Counsel*" means, with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of counsel (which shall be legal counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for federal income tax purposes, selected by the Company and not objected to by the Trustee or the Credit Facility Provider (if any)) to the effect that such action is not prohibited by the Indenture and will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds). In situations where a Favorable Opinion of Bond Counsel, or an Opinion of Counsel to be delivered by Bond Counsel, is required or requested to be delivered under the Indenture or the Loan Agreement after the date of delivery of the Bonds, the Trustee shall accept (unless otherwise directed by the Authority) an opinion in such form and with such disclosures as may be required so that such opinion will not be treated as a "covered opinion" for purposes of the United States Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

"*LIBOR*" means the London Interbank Offered Rate for deposits in U.S. dollars with a maturity equal to or that most closely approximates the length of the Interest Period for which the LIBOR rate is utilized and that appears on Reuters Screen LIBOR 01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London Interbank Offered Rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the Rate Determination Date.

"*Maximum Rate*" means the lower of (i) 12% per year, and (ii) the maximum rate, if any, specified in the then applicable Credit Facility; but, in any case, not more than the maximum interest rate permitted by law.

"*Mode*" means the Daily Mode, the Weekly Mode, the Commercial Paper Mode, the Indexed Mode, the Term Rate Mode or the Fixed Rate Mode.

"*Mode Change Date*" means, with respect to any Bonds, the day following the last day of one Mode for such Bonds on which another Mode begins.

"*Purchase Date*" means, with respect to Bonds:

- during the Commercial Paper Mode and the Term Rate Mode, the Business Day determined by the Remarketing Agent on the most recent Rate Determination Date as the date on which such Bonds shall be subject to purchase, and

- during the Daily Mode or the Weekly Mode, any Business Day, in each case selected by the Holder of such Bonds pursuant to the Indenture.

"*Purchase Price*" means:

- an amount equal to the principal amount of any Bonds purchased on any Purchase Date, plus, in the case of any purchase of Bonds in the Daily Mode or the Weekly Mode, accrued interest on them, if any, to the Purchase Date, or

- an amount equal to the principal amount of any Bonds purchased on a Mandatory Purchase Date, plus accrued interest on them, if any, to the Mandatory Purchase Date.

"*SIFMA Municipal Swap Index*" means the Securities Industry and Financial Markets Association (formerly The Bond Market Association™), Municipal Swap Index as disseminated by Municipal Market Data, a Thomson Financial Services Company, or its successor, for the most recently preceding Business Day.

Interest Rate Modes

Daily Mode. In the Daily Mode, the interest rate on the Bonds for any Business Day shall be the rate established by the Remarketing Agent for the Bonds no later than 10:00 a.m. (New York City time) on each Business Day, as the minimum rate of interest which, in the judgment of such Remarketing Agent under then-

existing market conditions, would result in the sale of such Bonds on such Business Day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. For any day which is not a Business Day, the interest rate on the Bonds shall be the interest rate in effect for the immediately preceding Business Day. In the event that the Daily Rate is not determined by the Remarketing Agent for any reason on any Business Day, the interest rate on the Bonds shall equal the lesser of the Maximum Rate and the SIFMA Municipal Swap Index on the Business Day immediately preceding such Business Day.

Weekly Mode. In the Weekly Mode, the interest rate on the Bonds for a given Interest Period shall be the rate established by the Remarketing Agent no later than 10:00 a.m. (New York City time) on each Rate Determination Date, as the minimum rate of interest which, in the judgment of such Remarketing Agent under then-existing market conditions, would result in the sale of such Bonds on such Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. In the event that an interest rate is not determined by the Remarketing Agent for any reason for any Interest Period, the interest rate for such Interest Period shall equal the lesser of the Maximum Rate and the SIFMA Municipal Swap Index on the Business Day immediately preceding the first day of such Interest Period.

Commercial Paper Mode. In the Commercial Paper Mode, Interest Periods are established by the Remarketing Agent as a period from one to 270 calendar days in length (a "*Commercial Paper Rate Period*"), but must begin on a Business Day and end on a day immediately preceding a Business Day or Maturity Date. The Commercial Paper Rate for each Commercial Paper Rate Period shall be effective from and including the commencement date of such period to and including the last day thereof. Each Commercial Paper Rate and Commercial Paper Rate Period shall be determined by the Remarketing Agent for the Bonds in connection with the sale of the Bond or Bonds to which it relates. Each Commercial Paper Rate and Commercial Paper Rate Period shall be determined by the Remarketing Agent for each Bond at or prior to 11:30 a.m. (New York City time) on the first day of each Commercial Paper Rate Period with respect to such Bond so as to result in the Remarketing Agent being able to remarket such Bond at par in the secondary market representing the lowest interest rate then available and for the longest Interest Period available at such rate as the Remarketing Agent deems to be advisable under current or anticipated future market conditions or anticipated future events.

If the Remarketing Agent fails to set the length of a Commercial Paper Rate Period for any Bond (other than a Credit Facility Bond) for any reason or the Commercial Paper Rate, the Commercial Paper Rate Period for such Bond shall be from and including the Rate Determination Date to, but not including, the next succeeding Business Day, and subsequently shall commence on a Business Day and extend to, but shall not include, the next Business Day; and the interest rate for such Commercial Paper Rate Period shall equal to the lesser of the Maximum Rate and the SIFMA Municipal Swap Index on the Business Day immediately preceding the first day of such Commercial Paper Rate Period and for Interest Periods of greater than 30 days an annual rate equal to 85% of the highest quoted yield on United States Government Obligations – State and Local Government Series, with a maturity equal to the length of the Interest Period for which such interest rate is calculated, as most recently published prior to the date of determination in Form PD4262, Department of Treasury, Bureau of Public Debt.

Term Rate Mode. In the Term Rate Mode, the interest rate on the Bonds shall be the minimum rate which, in the judgment of the Remarketing Agent, will result in a sale of the Bonds at a price equal to the Purchase Price on the Rate Determination Date for the Interest Period selected by the Company, which shall not be less than 270 days. The Remarketing Agent shall also determine the Purchase Date as the day following the last day of the Interest Period so selected by the Company. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Rate Determination Date. If a new Interest Period is not selected by the Company prior to the Business Day next preceding the Purchase Date for the Interest Period then in effect, the Mode shall change from the Term Rate Mode to the Weekly Mode so long as a Favorable Opinion of Bond Counsel is delivered to the Trustee. In the event that an interest rate is not determined by the Remarketing Agent for any reason for any Interest Period, the interest rate for such Interest Period shall equal to the lesser of the Maximum Rate and 85% of LIBOR with a maturity equal to the length of such Interest Period.

Indexed Mode. The Company may, with the consent of the Credit Facility Provider (if any), cause the Mode to be changed so that the Bonds will bear interest at the Indexed Rate until the end of the term specified by the Company not to exceed the Maturity Date of the Bonds. Prior to any conversion to the Indexed Mode, the Authority shall enter into a Supplemental Indenture setting forth the index, the spread, the redemption provisions, the term and

what will happen if there is a failure to remarket at the end of the term. The Company shall select the index on which the Indexed Rate shall be based not less than five Business Days prior to the Rate Determination Date. Such index may be the LIBOR, SIFMA Municipal Swap Index or any other index which the Company, in consultation with the Remarketing Agent, deems appropriate. The Remarketing Agent shall determine the percentage and/or the spread to be used in calculating the Indexed Rate not later than 4:00 p.m. (New York City time) on the Rate Determination Date. The percentage shall be the lowest percent which, when multiplied by the index, in the reasonable judgment of the Remarketing Agent and the written consent of the Company, the Remarketing Agent determines will result in selling the Bonds at a price equal to the Purchase Price on the Mode Change Date. At the time the Remarketing Agent determines the percentage by which the index is multiplied, the Remarketing Agent shall also determine the interest rate for the initial Interest Payment Period from the Mode Change Date to the first Interest Payment Date in the Indexed Mode, the frequency with which the Indexed Rate shall be recalculated, the Interest Payment Periods and the Interest Payment Dates.

Fixed Rate Mode. The Company may, with the consent of the Credit Facility Provider (if any), cause the Mode to be changed so that the Bonds will bear interest at a Fixed Rate to their final Maturity Date unless, on the date the Remarketing Agent determines the Fixed Rate, the Remarketing Agent also determines that the Bonds would bear a lower effective net interest cost if such Bonds were serial bonds or serial bonds and term bonds, in which event the Bonds shall become serial bonds or serial bonds and term bonds and shall bear separate Fixed Rates for each maturity. The Remarketing Agent shall determine the Fixed Rate not later than 4:00 p.m. (New York City time) on the Rate Determination Date. The Fixed Rate shall be the minimum interest rate which, in the judgment of the Remarketing Agent, will result in a sale of the Bonds at a price equal to the Purchase Price on the Purchase Date of the Bonds being converted to a Fixed Rate unless, in the judgment of the Remarketing Agent and with the written consent of the Company, the Remarketing Agent determines that the lowest yield will result by selling the Bonds at a price equal to the Purchase Price (plus any original issue premium or less any original issue discount) on the Mode Change Date. In the case of Bonds to be sold at a discount, either (A) a Credit Facility is in effect with respect to such Bonds and provides for the purchase of such Bonds at such discount or (B) the Company agrees to transfer to the Tender Agent on the Mode Change Date, in immediately available funds, for deposit in the Borrower Purchase Account, an amount equal to such discount. In the case of Bonds sold at a premium, the premium shall be transferred to the Company on the Mode Change Date.

Change of Modes

Changes to Modes Other than Fixed Rate Mode. The interest rate Mode for the Bonds (other than Bonds in the Fixed Rate Mode) may be changed to a different Mode from time to time in whole and not in part by the Company. The Company may exercise that right by giving written notice to the Authority, the Trustee, Tender Agent (if any), the Remarketing Agent (if any) and the Credit Provider (if any) no later than the fifth Business Day preceding the proposed Mode Change Date. Such notice must specify the new Mode and, if the change is to a Term Rate Mode, the length of the initial Interest Period.

No change in Mode may be made:

- unless the Mode Change Date is a Business Day
- if the change is from the Commercial Paper Mode, the Mode Change Date shall be a day which is the last Purchase Date for all Interest Periods then in effect
- if the change is from the Term Rate Mode, the Mode Change Date shall be the Purchase Date for the current Interest Period
- unless there has been delivered to the Trustee, the Tender Agent (if any) and the Remarketing Agent (if any) on the Mode Change Date a Favorable Opinion of Bond Counsel
- if the current Mode is the Commercial Paper Mode, no Interest Period set after delivery by the Company to the Remarketing Agent of the notice of intention to effect a change in Mode shall extend beyond the proposed Mode Change Date

- if there shall be no Credit Facility in effect to provide funds for the purchase of Bonds on the Mode Change Date, the remarketing proceeds available on the Mode Change Date shall be not less than the amount required to purchase all of the Bonds at the Purchase Price (unless the Company, in its sole discretion, elects to transfer to the Tender Agent the amount of such deficiency on or before the Mode Change Date)

The Company may revoke its election to effect a change of the interest rate on the Bonds to another Mode by giving written notice of such revocation to the Authority, the Trustee, the Remarketing Agent (if any), the Credit Facility Provider (if any), and the Tender Agent at any time prior to 10:00 a.m. (New York City time) on the Business Day immediately preceding the Rate Determination Date for the proposed Mode Change Date.

If the conditions listed in the preceding paragraph have not been satisfied by the Mode Change Date, the change shall not take effect and (a) if the change was from a Commercial Paper Mode, the Bonds shall remain in the Commercial Paper Mode with interest rates and Interest Periods as described above under "THE BONDS – Interest Rate Modes – *Commercial Paper Mode*" and (b) otherwise, all Bonds shall be changed to a Daily Mode, as described above under "THE BONDS – Interest Rate Modes – *Daily Mode*," so long as a Favorable Opinion of Bond Counsel is delivered to the Trustee with respect to that Mode Change, otherwise the then applicable Mode will remain in effect and if the Current Mode is the Term Rate Mode, the Term Rate Period, if not set by the Company, shall be the same length as the then current Term Rate Period.

Change to Fixed Rate Mode. The interest rate Mode for the Bonds may be changed to the Fixed Rate Mode by the Company. The Company may exercise that right by giving written notice to the Authority, the Trustee, Tender Agent (if any), the Remarketing Agent (if any), the Credit Provider (if any) and each Rating Agency then rating the Bonds no later than the fifteenth day (or such shorter period as may be agreed to by the Trustee and the Remarketing Agent (if any)) preceding the proposed Mode Change Date. Such notice shall state that the Mode will be changed to the Fixed Rate Mode and shall set forth the proposed Mode Change Date.

No change to the Fixed Rate Mode may be made unless:

- The Mode Change Date is: (i) in the case of a conversion from a Daily Mode or a Weekly Mode a regularly scheduled Interest Payment Date on which interest is payable for the Daily Mode or Weekly Mode from which the conversion is to be made; (ii) in the case of a conversion from the Term Rate Mode, a regularly scheduled Interest Payment Date on which a new Interest Period would otherwise have commenced; and (iii) in the case of a conversion from a Commercial Paper Mode, a day which is the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period previously established for the Bonds to be converted.

- Not less than seven Business Days prior to the date on which the Trustee is required to notify the Holders of the conversion pursuant to next bullet point below, the Company shall give written notice of the conversion to the Authority, the Trustee, the Remarketing Agent (if any), the Credit Facility Provider (if any), and the Tender Agent (if any) setting forth the proposed Mode Change Date. Together with such notice, the Company shall file with the Authority and the Trustee, a Favorable Opinion of Bond Counsel with respect to the conversion of the Bonds to the Fixed Rate Mode, including the assignment of new maturity dates and amortization requirements as described below under the third following bullet point. No conversion to the Fixed Rate Mode shall occur unless the Company shall also file with the Authority and the Trustee a Favorable Opinion of Bond Counsel to the same effect dated the Mode Change Date.

- In the event of a conversion from a Daily Mode, Weekly Mode, a Term Rate Mode or a Commercial Paper Mode, the Trustee shall mail a notice of the proposed conversion to the Holders of all Bonds to be converted not less than fifteen days prior to the proposed Mode Change Date. Such notice shall state that the Bonds to be converted shall be subject to mandatory tender at a price equal to 100% of the principal amount of the Bond plus accrued interest on the Mode Change Date. The principal portion of the purchase price of the Bonds so tendered shall be payable solely from the proceeds of the remarketing of such Bonds.

- Not later than 12:00 noon (New York City time) on the Business Day prior to the Mode Change Date, the Remarketing Agent shall determine the Fixed Rate Mode for the Bonds to be converted.

- Prior to the conversion of any of the Bonds to a Fixed Rate Mode, the Remarketing Agent shall deliver to the Trustee, the Authority and the Company a certificate that includes a schedule specifying the principal amount of Bonds to be converted to a Fixed Rate Mode which shall mature on March 1 of the Bond years specified in such schedule and the interest rate payable on the Bonds to be converted to a Fixed Rate Mode of each such maturity date and a schedule specifying the principal amount of Bonds to be converted to a Fixed Rate Mode maturing on March 1 of the Bond years specified in such schedule or to be called for mandatory redemption pursuant to the amortization requirements on March 1 of the Bond years specified in such schedule. In determining the maturity dates, amortization requirements and interest rates, the Remarketing Agent shall use the following guidelines:

  - The Remarketing Agent shall determine the schedule of principal payments on the Bonds to be converted to a Fixed Rate Mode to achieve annual level debt service with respect to the converted Bonds;

  - The Remarketing Agent shall allocate the Bonds to be converted to a Fixed Rate Mode between serial bonds and term bonds in such manner as shall produce the lowest aggregate interest payable with respect to such Bonds; and

  - The Remarketing Agent shall set the interest rate on each Bond to be converted to a Fixed Rate Mode of a particular maturity date at the lowest interest rate that shall enable such Bond, upon conversion, to be remarketed at par (plus any accrued interest) taking into account the maturity date of such Bond and amortization requirements with respect to the Bonds of such maturity date.

  Notwithstanding anything above to the contrary, if due to the serialization of the Bonds, Bond Counsel cannot render a Favorable Opinion of Bond Counsel, then no such serialization shall occur.

- The foregoing notwithstanding, the Authority may agree to another method for providing for payment of principal of the Bonds after the Mode Change Date if (i) the Remarketing Agent deems the utilization of such other method necessary in order to remarket the Bonds at a price of par and (ii) there is delivered to the Trustee and the Authority by the Company a Favorable Opinion of Bond Counsel with respect to the utilization of such other method.

The Company may revoke its election to effect a conversion of the interest rate on the Bonds to the Fixed Rate Mode by giving written notice of such revocation to the Authority, the Trustee, the Remarketing Agent (if any), the Credit Facility Provider (if any), and the Tender Agent (if any) at any time prior to 10:00 a.m. New York City time on the Business Day immediately preceding the Rate Determination Date for the proposed Mode Change Date.

If these conditions listed in the preceding paragraph have not been satisfied by the Mode Change Date, the New Mode shall not take effect and (a) if the change was from a Commercial Paper Mode, the Bonds shall remain in the Commercial Paper Mode with interest rates and Interest Periods as described above under "THE BONDS – Interest Rate Modes – *Commercial Paper Mode*" and (b) otherwise, all Bonds shall be changed to a Daily Mode, as described above under "THE BONDS – Interest Rate Modes – *Daily Mode*," so long as a Favorable Opinion of Bond Counsel is delivered to the Trustee with respect to that Mode Change, otherwise the then applicable Mode will remain in effect and if the Current Mode is the Term Rate Mode, the Term Rate Period, if not set by the Company, shall be the same length as the then current Term Rate Period.

Purchase of Bonds on Demand of Owner

The Bonds are subject to purchase on demand of the Holders while bearing interest in the Daily Mode and the Weekly Mode, as described below. Bonds bearing interest in the other Modes are not subject to purchase on demand of the Holder.

During Daily Mode. In the Daily Mode, the Holders of any Bonds other than Credit Facility Bonds or Bonds owned by, or for the account of, or on behalf of, the Authority or the Company (those Bonds being referred to as "*Eligible Bonds*"), may demand purchase of their Bonds (or portion thereof in an amount not less than $100,000) on any Business Day during the Daily Mode at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date upon an irrevocable written notice of tender by Electronic Means to the Remarketing Agent and the Tender Agent not later than 11:00 a.m. (New York City time) on any Business Day.

During Weekly Mode. In the Weekly Mode, the Holders of Eligible Bonds may demand purchase of their Bonds (or portion thereof in an amount not less than $100,000) on any Business Day during the Weekly Mode at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date, upon an irrevocable written notice of tender by Electronic Means to the Remarketing Agent and the Tender Agent at or before 4:00 p.m. (New York City time) on a Business Day five Business Days prior to the Purchase Date.

Required Notice. A notice of tender must state (i) the CUSIP number, (ii) the principal amount (or portion thereof in an amount not less than $100,000) of the Bond to be purchased and, if the Book-Entry System is not in effect, the certificate number of such Bond and (iii) such Bond shall be purchased on the Purchase Date specified above. "*Electronic Means*" means telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

Mandatory Purchase of Bonds

On Mode Change Date. The Bonds are subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest on a Mode Change Date.

On Expiration, Termination or Replacement of Credit Facility. The Bonds shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest, if any, thereon to the Purchase Date, on:

- the second Business Day preceding the date of the expiration of the term of the then current Credit Facility, or the date on which the then current Credit Facility is to be replaced with a Substitute Credit Facility, respectively, as described under "THE LOAN AGREEMENT – Credit Facilities" herein; provided, however, that the Bonds shall not be subject to mandatory purchase on the second Business Day preceding the date of the expiration of the term of the then current Credit Facility if on or prior to the 15th day prior to such date, the Company has furnished to the Trustee an extension of the then current Credit Facility, or

- the date designated by the Trustee (which shall be at least one Business Day prior to the termination of the Credit Facility and no more than five Business Days after receipt by the Trustee of a notice of default or nonreinstatement (a "*Default Tender Date*") after the Trustee has received written notice from the Credit Facility Provider that an event of default has occurred and is continuing under the Reimbursement Agreement relating to such Credit Facility and/or that the Credit Facility Provider has determined it will not reinstate the amount available under the Credit Facility for interest payments upon payment of an interest drawing and directing a mandatory tender for the Bonds.

On Interest Payment Date for Commercial Paper Rate Period. In the Commercial Paper Rate Mode, each Bond shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued but unpaid interest, on the Business Day after the end of each Commercial Paper Rate Period for such Bond.

On Final Interest Payment Date for a Term Rate Period. In the Term Rate Mode, the Bonds shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest thereon through the last day of the Interest Period, on the Business Day immediately following the end of such Interest Period, for each Interest Period during the Term Rate Mode.

The Owners of the Bonds shall not have any right to retain Bonds subject to mandatory purchase.

Notice of Mandatory Purchases. The Tender Agent shall give notice of a mandatory purchase as follows:

- *In the case of a Mode Change*: by Electronic Means to the Holders of the Bonds subject to mandatory purchase no less than 5 Business Days for Bonds which are to be changed to a Mode of 360 days or less and no less than 15 days for Bonds which are to be changed to a Mode of more than 360 days or an Indexed Mode, each prior to the Mandatory Purchase Date;

- *In the case of an expiration or substitution of Credit Facility*: by mail to the Holders of the Bonds subject to mandatory purchase no less than 10 days prior to such Mandatory Purchase Date;

- *In the case of a Default Tender Date*: immediate notice by Electronic Means; or

- *In the case of a final Interest Payment Date for a Term Rate Period*: by mail to the Holders of the Bonds subject to mandatory purchase no less than 15 days prior to such Mandatory Purchase Date.

No notice is required to be given with respect to a mandatory purchase on a Purchase Date for a Commercial Paper Rate Period.

Payment of Purchase Price

The purchase price of any Bond purchased as described above under "THE BONDS – Purchase of Bonds on Demand of Owner" and "– Mandatory Purchase of Bonds" shall be payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, by wire transfer of immediately available funds. The purchase price shall be paid on the Purchase Date upon delivery of such Bond on such Purchase Date; provided that if the date of such purchase is not a Business Day, the purchase price shall be payable on the next succeeding Business Day.

If the Holder of any Bond (or portion thereof) that is subject to purchase fails to deliver such Bond to the Tender Agent for purchase on the Purchase Date, and if the Tender Agent is in receipt of the purchase price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the Purchase Date therefor and ownership of such Bond or portion thereof shall be transferred to the purchaser thereof as described in the Indenture. Any Holder who so fails to deliver such Bond for purchase on (or before) the Purchase Date shall have no further rights thereunder, except the right to receive the purchase price thereof from those moneys deposited with the Tender Agent in the Purchase Fund established pursuant to the Indenture upon presentation and surrender of such Bond. The Tender Agent shall, as to any Bonds which have not been delivered to it, promptly notify the Remarketing Agent and the Trustee of such non-delivery. Upon such notification, the Trustee shall place a stop transfer against an appropriate amount of Bonds registered in the name of the Holder(s) on the Bond registration books, commencing with the lowest serial number Bond registered in the name of such Holder(s) (until stop transfers have been placed against an appropriate amount of Bonds) until the appropriate purchased Bonds are surrendered to the Tender Agent.

The Tender Agent shall hold all Bonds delivered to it in connection with any optional or mandatory purchase of Bonds in trust for the benefit of the Holders thereof until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Holders, and thereafter shall deliver replacement Bonds for any Bonds purchased, in accordance with the directions of the Remarketing Agent, to the Remarketing Agent for delivery to the purchasers thereof.

Limitations on Remarketing

If there shall have occurred and be continuing an Event of Default caused by a default in the payment of the principal or Redemption Price of any Bond when due and payable as described in the first bullet point below under "THE INDENTURE – Defaults" and the Credit Facility Provider, if any, has not paid such amount under the Credit Facility, then the Remarketing Agent shall not remarket any Bonds.

Redemption of Bonds

Optional Redemption. The Bonds are subject to optional redemption prior to maturity as follows:

- While in the Daily Mode, the Weekly Mode or Indexed Mode, the Bonds shall be subject to redemption, at the option of the Company, in whole or in part on any Business Day, at a redemption price of equal to the principal amount of the Bonds called for redemption, without premium, plus accrued interest to the date for redemption.

- While in the Commercial Paper Mode, the Bonds are not subject to optional redemption prior to their respective Purchase Dates.

- While in the Term Rate Mode, the Bonds shall be subject to redemption, at the option of the Company, in whole or in part on any Purchase Date at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, plus accrued interest to the date for redemption.

- While in the Fixed Rate Mode, the Bonds shall be subject to redemption, at the option of the Company, at such times and upon such terms as shall be specified by the Company in a schedule delivered to the Trustee on or prior to the change to such Fixed Rate Mode.

Mandatory Redemption on Determination of Taxability. Subject to the immediately following paragraph, the Bonds will be redeemed in whole (or in part as described below), at a redemption price of 100% of the principal amount of the Bonds, without premium, plus accrued interest on any day within 120 days after the Company receives:

- written notice from any Holder, Beneficial Owner, former Holder, former Beneficial Owner or the Trustee to the effect that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was includable in the gross income of the Bond's owner for federal income tax purposes together with a written statement from such person that:

  (1) such person has received a notice of deficiency from the Internal Revenue Service to such effect with a copy of such notice of deficiency; or

  (2) a court of competent jurisdiction has so held, with a copy of such order or decision; or

- written notice from the Authority or the Trustee that the Internal Revenue Service has informed the Authority or the Trustee that the Internal Revenue Service intends to issue notices of deficiency to Holders, Beneficial Owners, former Holders or former Beneficial Owners asserting that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was includable in the gross income of the Bond's owner for federal income tax purposes;

- a written opinion of Bond Counsel requested by the Company to the effect that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) more likely than not is or was includable in the gross income of the Bond's owner for federal income tax purposes; or

- written notice from the Authority to the Company that, as a result of adverse findings in the course of an Internal Revenue Service examination of the compliance of the Bonds with the Internal Revenue Code, the Authority, with the written consent of the Company, has determined to execute and deliver a closing agreement with the Internal Revenue Service that requires or will require the redemption of Bonds.

No such redemption shall be made, however, if within 60 days after receipt by the Company of the notice referred to in subsections (1) or (2) under the first bullet point above, the Company agrees in good faith to pay the reasonable expenses, to indemnify the Authority, the Trustee or the current or former Holders or Beneficial Owners involved in such a dispute with the Internal Revenue Service and to control the defense or exhaust available procedures to contest or obtain review of the result of the proceedings, and no such redemption shall be made while such proceedings are continued in good faith by the Company. If the Authority, the Trustee or the current or former Holder or Beneficial Owner involved in such dispute does not give the Company the opportunity to control the defense of such proceedings, such redemption shall not be made.

The provisions of first paragraph above will once again be applicable at such date as either (A) the Company chooses to discontinue such proceedings or determines such proceedings are final and have resulted in a finding that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was includable in the gross income of the Bond's owner for federal income tax purposes; or (B) such proceedings are concluded with a determination acceptable to the Company to the effect that interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was not includable in the gross income of the Bond's owner for federal income tax purposes.

Notwithstanding the provisions of the first paragraph above, fewer than all the Bonds may be redeemed if, based on an opinion of Bond Counsel delivered to the Trustee by the 45th day prior to the redemption date, redemption of fewer than all of the Bonds would result in the interest payable on the Bonds remaining Outstanding being not includable in the gross income for federal income tax purposes of any Bondholder or Beneficial Owner other than "substantial user" or "related person," under the Code. If fewer than all Bonds are redeemed pursuant to the first bullet point, the Trustee will select the Bonds to be redeemed by lot or by such other method acceptable to the Trustee as may be specified in an opinion of Bond Counsel.

BY PURCHASE AND ACCEPTANCE OF A BOND, A HOLDER AGREES THAT THE REDEMPTION OF THE BONDS AT 100% OF THEIR PRINCIPAL AMOUNT AS DESCRIBED IN THE FIRST PARAGRAPH ABOVE SHALL BE COMPLETE AND TOTAL LIQUIDATED DAMAGES to the full extent permitted by law in the event that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of the Code) is or was determined by the Internal Revenue Service to be includable in the gross income of the Bond's owner for federal income tax purposes.

Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the Credit Facility Provider (if any), the Rating Agencies then rating the Bonds and to the respective Holders of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption shall state the date of such notice, the date of delivery of the Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Each such notice shall also state that on the date there will become due and payable on each of the Bonds the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such date, interest on such Bond shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Failure by the Trustee to mail notice of redemption to the Credit Facility Provider (if any), the Rating Agencies then rating the Bonds or to any one or more of the Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holder or Holders to whom such notice was mailed.

Any notice of redemption may be conditional and may be rescinded by written notice given to the Trustee by the Company no later than 5 Business Days prior to the date specified for redemption, or may be conditioned on the receipt of the Redemption Price on the redemption date. The Trustee shall give notice of such rescission, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given.

Book-Entry System

The following information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Company believes to be reliable, but none of the Company, the Authority, the Trustee, the Tender Agent, the Remarketing Agent or the Underwriters, takes any responsibility for the accuracy of such information.

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other nominee as may be requested by an authorized representative of DTC. One fully registered Bond will be issued in the aggregate principal amount of the Bonds and will be deposited with DTC. So long as the nominee of DTC is the registered owner of the Bonds, such nominee will be considered the sole owner or holder of the Bonds for all purposes under the Indenture and any applicable laws. Except as otherwise provided below, a Beneficial Owner of interests in the Bonds will not be entitled to have the Bonds registered in such owner's name, will not be entitled to receive definitive Bonds and will not be considered an owner or holder of the Bonds under the Indenture.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents governing the Bonds. For example, Beneficial Owners may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal or purchase price of and premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Company, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner, through a Direct Participant acting on behalf of such Beneficial Owner, or an Indirect Participant acting on behalf of such Beneficial Owner, shall give notice to the Remarketing Agent and the Tender Agent of its election to have Bonds tendered for purchase and shall effect delivery of such Bonds by causing such Direct Participant to transfer on DTC's records the Direct Participant's interest in the Bonds to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional or mandatory purchase will be deemed satisfied when the ownership rights in such Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, the Company and the Trustee, or DTC's services with respect to the Bonds may be discontinued or terminated at any time by the Company if it determines that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository. In the event that DTC's services are so discontinued or terminated, the Authority is obligated to deliver definitive Bonds, at the expense of the Company, as described in the Indenture.

The Authority, the Company, the Trustee, the Underwriters, the Tender Agent and the Remarketing Agent will have no responsibility or obligation to DTC, Direct Participants, Indirect Participants or the Beneficial Owners of the Bonds with respect to (a) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant; (b) the payment by DTC to any Direct Participant or any Indirect Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or premium, if any, or interest on, any Bonds; (c) the delivery of any notice by DTC, any Direct Participant or any Indirect Participant; (d) the selection of Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken or omitted to be taken by DTC or any Direct Participant or Indirect Participant. The current "rules" applicable to DTC are on file with the Commission and current "procedures" of DTC to be followed in dealing with its participants are on file with DTC.

Same-Day Settlement and Payment

Settlement for the Bonds will be made by the Remarketing Agent in immediately available funds. While the Bonds are in the Book-Entry System described above, all payments of principal, premium (if any), purchase price and interest will be made by the Trustee or Tender Agent on behalf of the Authority to DTC in immediately available funds.

The information contained in this Official Statement with respect to DTC has been extracted from a report from DTC. No representation is made by the Authority, the Company, the Trustee, the Tender Agent or the Remarketing Agent as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

THE LETTER OF CREDIT AND THE CREDIT FACILITY

The following statements summarize selected provisions of the initial Letter of Credit and the initial Credit Facility. However, because this summary is not complete, it is subject to the detailed provisions of the initial Letter of Credit and the initial Credit Facility, including the definitions of the terms used under this caption. Wherever defined terms of the Credit Facility are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

The Letter of Credit

The Credit Facility Provider will issue the initial Letter of Credit pursuant to the Credit Facility. The Credit Facility contemplates the issuance of up to three letters of credit to support up to $212,175,000 principal amount of bonds to be issued for the benefit of the Company, including the initial Letter of Credit being issued to support the Bonds. Issuers of those letters of credit pursuant to the Credit Facility are referred to as "*Letter of Credit Issuers*," and the financial institutions that are parties to the Credit Facility are referred to as "*Banks*."

The Letter of Credit will be issued to the Trustee upon the issuance of the Bonds and will have a Required Stated Amount of $50,698,271. The Letter of Credit will expire on the earliest of (i) June 27, 2009; (ii) the receipt of notice that the Bonds have been defeased, a substitute letter of credit has been obtained, or the Bonds have been converted to a Term Mode, an Indexed Mode, a Commercial Paper Mode or a Fixed Mode; (iii) the last draw that can be made thereunder is made; or (iv) ten days after receipt by the Trustee of notice from the Credit Facility Provider stating that an event of default has occurred under the Credit Facility and directing the Trustee to accelerate the maturity of the Bonds.

Required Stated Amount

The Required Stated Amount of the Letter of Credit will be composed of an amount equal to the principal amount of the Bonds plus an amount representing interest calculated at the Maximum Rate of 12% per annum for 53 days based on a year of 365 days.

The Required Stated Amount is subject to adjustment for payments made by the Credit Facility Provider to the Trustee pursuant to drawings under the Letter of Credit. Payments made (i) pursuant to drawings on the Letter of Credit to make scheduled principal payments on the Bonds, (ii) to pay the unpaid principal of the Bonds on redemption, and (iii) to pay the unpaid principal of the Bonds upon acceleration, permanently reduce the Required Stated Amount by an amount equal to such payments. Payments made pursuant to drawings on the Letter of Credit made to pay interest on the Bonds and to pay the Purchase Price of Bonds tendered to the Trustee in accordance with the Indenture reduce the Required Stated Amount by an amount equal to such payments; provided that such amounts reduced with respect to the payment of accrued interest (other than in connection with a redemption of Bonds) only are reinstated automatically after such drawings (unless the Trustee has received written notice that an event of default has occurred under the Credit Facility).

Substitute Credit Facility

At least 15 days prior to the Expiration Date of the then current Letter of Credit, the Company may provide for the delivery to the Trustee of a Substitute Credit Facility.

Fees and Interest

The Company is obligated to pay the Letter of Credit Issuer and the Banks certain fees in connection with the issuance of the Letter of Credit and drawings made thereunder and to pay interest on all amounts drawn under the Letter of Credit at the rates specified in the Credit Facility.

Certain Covenants

The Company is obligated under the Credit Facility, among other things, to keep proper books of record and account; to maintain its existence and properties; to comply with applicable laws; to maintain adequate insurance on its properties; to keep its properties, revenues and assets free of liens, other than liens permitted under the Credit Facility; to comply with certain restrictions on mergers or dispositions of all or substantially all of its assets; to comply with an interest coverage test; and to submit to the Banks certain financial reports and information.

Events of Default

The following are deemed to be "Events of Default" under the Credit Facility:

- Any failure of the Company to pay when due any amount paid by the Administrative Agent, any Letter of Credit Issuer or any Bank (as defined in the Credit Facility) under any Letter of Credit or any principal of any Tender Advance (as defined in the Credit Facility) or any failure to pay within three days of the due date thereof, any interest or any fees payable under the Credit Facility;

- Any representation or warranty made by the Company in the Credit Facility, any document related to the issuance of the Bonds (an "*Operative Document*") or in any certificate, financial or other statement furnished by the Company (or any of its authorized officers) pursuant to the terms of the Credit Facility or any such Operative Document is incorrect or misleading in any material respect when made;

- Any failure by the Company to perform or observe (i) certain terms, covenants or agreements contained in the Credit Facility relating to the use of proceeds, disclosure concerning the Banks or the Letter of Credit Issuer, certain notices of default and negative covenants or (ii) any other term, covenant or agreement on its part to be performed or observed contained in the Credit Facility or in any Operative Document to which it is a party if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Administrative Agent (which notice shall be given by the Administrative Agent at the written request of any Bank);

- An "Event of Default" shall have occurred under and as defined in the Credit Agreement dated as of October 3, 2007 among the Company, the financial institutions named therein and JPMorgan Chase Bank N.A., as Administrative Agent, as amended from time to time;

- Any failure by the Company or any Principal Subsidiary (as defined in the Credit Facility) to pay any principal of or premium or interest on any debt that is outstanding in a principal amount in excess of $50,000,000 in the aggregate (with specified exclusions for, among other things, nonrecourse debt) when the same becomes due and payable, which is not cured within any applicable cure period under such agreements; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such debt and shall continue after the applicable cure period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such debt; or any such debt shall be declared to be due and

payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof;

- The occurrence of certain events of insolvency or bankruptcy involving the Company or any Principal Subsidiary;

- One or more judgments or orders for the payment of money in an aggregate amount exceeding $50,000,000 (excluding any such judgments or orders which are fully covered by insurance, subject to any customary deductible, and under which the applicable insurance carrier has acknowledged such full coverage in writing) shall be rendered against the Company or any Principal Subsidiary and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

- The occurrence of certain events involving employee benefit plans in which the Company participates, (including events likely to lead to, or causing, plan terminations, trustee appointments by an appropriate United States District Court of a trustee to administer a Plan (as defined in the Credit Facility), the institution by the PBGC (as defined in the Credit Facility) of proceedings to terminate any Plan or to appoint a trustee to administer any Plan or withdrawal by the Company or any other member of the controlled group withdraws from any multiemployer plan), in which the Company has received notice assessing the liability of the Company with respect to the applicable plan and such liability exceeds $50,000,000;

- The outstanding capital stock of the Company shall fail to be at least 85% owned, directly or indirectly, by Exelon Corporation ("*Exelon*") (other than as a result of Exelon distributing the capital stock of the Company to Exelon's shareholders generally);

- Any material provision of the Credit Facility or any Operative Document to which the Company is a party shall at any time for any reason cease to be valid and binding on the Company or the Indenture shall cease to be valid and binding on the Trustee and the Issuer, or any of such agreements shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Company or any governmental authority or regulatory body or the Company shall deny that it has any or further liability or obligation under the Credit Facility or any Operative Document to which it is a party;

- the liens created by the Control Agreements or the Pledge Agreement (as such terms are defined in the Credit Facility) shall cease to create a Lien (as defined in the Credit Facility) on the collateral described therein with the priority purported to be created thereby securing the obligations to the Administrative Agent and the Banks; or

- The occurrence of an "event of default" under and as defined in the Indenture or any other Operative Document to which the Company is a party.

Remedies

Upon the occurrence of any Event of Default under the Credit Facility, the Company may be required to repay all amounts owing under the Credit Facility and/or deposit as collateral with the Administrative Agent cash collateral in an amount equal to the Required Stated Amount of the Letter of Credit. In addition, the Administrative Agent may direct the Trustee to accelerate the Bonds or issue a notice for a mandatory tender of the Bonds. Such collateral will be held by the Administrative Agent until the Letter of Credit is terminated and all obligations of the Company to the Credit Facility Provider and the Banks have been paid in full. The Company grants a security interest to the Administrative Agent, for the benefit of the Banks and the Credit Facility Provider, in any of such collateral as may be deposited from time to time. The Administrative Agent may, and upon written instructions from the Majority Banks shall, also exercise its rights or remedies available at law or in equity.

No action taken with respect to remedies under the Credit Facility shall relieve the Company from any obligations to the Banks, all of which will survive any such action. No remedy conferred upon or reserved to the Banks is exclusive of any other available remedy or remedies.

THE FIRST MORTGAGE BOND AND THE MORTGAGE

The following statements summarize selected provisions of the Mortgage and the First Mortgage Bond. However, because this summary is not complete, it is subject to the detailed provisions of the Mortgage and the First Mortgage Bond, including the definitions of the terms used under this caption. Wherever defined terms of the Mortgage are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Concurrently with the delivery of the Bonds, the Authority will receive from the Company, as a collateral pledge under the Loan Agreement, a First Mortgage Bond, which will, in turn, be pledged to the Trustee under the Indenture as security for the Bonds. The First Mortgage Bond will be issued under the Mortgage, will be non-transferable except to a successor Trustee and will be issued in a principal amount and with interest payments, interest payment dates, maturity date, prepayment or redemption terms and other provisions corresponding to the Bonds.

The following statements are brief summaries of certain provisions of the Mortgage. The terms "*lien of Mortgage*," "*mortgage date of acquisition*," "*permitted lien*," "*prior lien*," "*prior lien bonds*," "*property additions*," and "*utilized under the Mortgage*" are used in this Official Statement with the meanings given to those terms in the Mortgage. The term "*bonds*" means any first mortgage bonds issued under the Mortgage. The Mortgage contains provisions under which substantially all of the properties of the Company's electric utility subsidiary, Commonwealth Edison Company of Indiana, Inc. (the "*Indiana Company*"), might be subjected to the lien of the Mortgage, if the Company should so determine, as additional security for the Company's bonds, whereupon that subsidiary would become a "mortgaged subsidiary," as defined in the Mortgage. Since the Company has not as yet made any determination as to causing the Indiana Company to become a mortgaged subsidiary, those provisions of the Mortgage that are summarized below that discuss a mortgaged subsidiary as well as the Company, relate to the Company only.

Security

The First Mortgage Bond will rank equally with all bonds, irrespective of series, now or hereafter outstanding under the Mortgage. The Mortgage is a direct first mortgage lien on substantially all property and franchises currently owned by the Company, subject only to permitted liens (other than expressly excepted property and property which may be acquired by the Company subsequent to the filing of a bankruptcy proceeding with respect to the Company under the Bankruptcy Reform Act of 1978). The Company's transmission and distribution assets are the principal properties subject to the lien of the Mortgage. In addition, any property and franchises hereafter acquired by the Company (other than expressly excepted property and property which may be acquired by the Company subsequent to the filing of a bankruptcy proceeding with respect to the Company under the Bankruptcy Reform Act of 1978) will also become subject to the lien of the Mortgage, subject only to permitted liens and liens, if any, existing or placed on such after-acquired property at the time of acquisition thereof.

There are expressly excepted from the lien of the Mortgage, whether now owned or hereafter acquired, certain real estate not used in the public utility business, real estate held by the Company in the name of a nominee, cash and securities not specifically pledged under the Mortgage, receivables, contracts (other than leases), materials and supplies not included in utility plant accounts, merchandise, automobiles, trucks and other transportation equipment and office furniture and equipment.

Acquisitions of Property Subject to Prior Liens

The Company covenants in the Mortgage that it will not acquire any property subject to a prior lien (other than a permitted lien):

- if the principal amount of prior lien bonds outstanding thereunder and under other prior liens upon such prior lien property exceeds 66-2/3% of the fair value of such part of such property as shall consist of property of the character of property additions; and

- unless the net earnings of such property for any twelve-month period within the immediately preceding fifteen-month period shall have been at least two and one-half times the annual interest on all prior lien bonds secured by prior liens on such property.

The Company also covenants that it will not transfer all or substantially all of its property to any other corporation, the property of which is subject to a prior lien, unless the property of such other corporation could be acquired by the Company under the provisions of such covenant with respect to the acquisition of property subject to a prior lien.

The Company covenants that it will not issue additional prior lien bonds under any prior lien, and that as soon as all prior lien bonds shall cease to be outstanding under any prior lien, the Company will promptly procure or cause to be procured the cancellation and discharge of such prior lien. The Company further covenants that upon the discharge of a prior lien it will cause any cash on deposit with the prior lien trustee (other than cash deposited for the payment or redemption of outstanding prior lien bonds) to be deposited with the Mortgage Trustee, except to the extent required to be deposited with the trustee under another prior lien.

Release of Property from Mortgage

Provided that the Company is not in default under the Mortgage, the Mortgage allows the Company to release property from the lien of the Mortgage in connection with its sale or other disposition. Under these provisions, the Company may obtain the release of mortgaged property by

- delivering to the Mortgage Trustee specified certificates describing the property to be sold or disposed and the consideration to be received and stating its fair value;

- delivering an opinion of counsel as to compliance with the provisions of the Mortgage governing such release; and

- depositing cash with the Mortgage Trustee in an amount equal to the fair value of the property to be released, subject to reduction or elimination as hereinafter described.

"*Fair value*" is defined as the fair value to the Company of the property in question. Fair value is determined by one of the Company's engineers; however, a determination by an independent engineer is also required if the fair value of the property in question exceeds 1% or more of the outstanding principal amount of the bonds under the Mortgage. The required cash deposit may be reduced, or eliminated entirely, by utilizing net property additions or bondable bond retirements not previously utilized under the Mortgage.

The Company has used these provisions from time to time to release substantial amounts of property from the lien of the Mortgage. In December 1999, the Company obtained the release of its fossil generation assets in connection with their sale to a third party. In January 2001, the Company obtained the release of, among other things, its nuclear generation assets in connection with their transfer to its affiliate, Exelon Generation Company, LLC, as part of a restructuring undertaken by its parent corporation, Exelon Corporation. In both cases, the releases were accomplished without the deposit of cash due to the availability of sufficient amounts of unutilized bondable bond retirements and net property additions.

Issuance of Additional Bonds

The Mortgage provides that no bonds may be issued which, as to security, will rank ahead of the First Mortgage Bond but, as indicated below, the Company may, subject to certain limitations, acquire property subject to prior liens.

The aggregate principal amount of other bonds that may be issued under the Mortgage and that, as to security, will rank equally with the First Mortgage Bond is not limited except as indicated below. Additional bonds of any series may be issued, subject to the provisions of the Mortgage, in principal amount equal to

- 66-2/3% of net property additions not previously utilized under the Mortgage,
- the amount of cash deposited with the Mortgage Trustee as the basis for the issuance of those bonds and
- the amount of bondable bond retirements not previously utilized under the Mortgage;

provided, however, that no bonds may be issued on the basis of net property additions or deposited cash, or on the basis of bondable bond retirements if the bonds to be issued bear a higher rate of interest than that borne by the bonds retired or being retired (except when the bonds retired or being retired mature within two years), unless the net earnings of the Company for any twelve-month period within the immediately preceding fifteen-month period shall have been equal to at least two and one-half times the annual interest on all bonds then outstanding under the Mortgage, including the bonds then proposed to be issued but not including any bonds then being retired.

The Mortgage provides that cash deposited with the Mortgage Trustee as a basis for the issuance of bonds shall be:

- paid over to the Company in an amount, certified to the Mortgage Trustee, equal to 66-2/3% of the amount of net property additions not previously utilized under the Mortgage, or in an amount equal to the amount of bondable bond retirements not previously utilized under the Mortgage, or both, or
- applied to the purchase or redemption of bonds.

"*Net earnings*" means the earnings of the Company as defined in the Mortgage after deducting all charges except:

- charges for the amortization, write-down or write-off of acquisition adjustments or intangibles;
- property losses charged to operations;
- provisions for income and excess or other profits taxes imposed on income after the deduction of interest charges, or charges made in lieu of those taxes;
- interest charges; and
- amortization of debt and stock discount and expense or premium.

Any net profit or net loss from merchandising and jobbing is to be deducted from operating expenses or added to operating expenses, as the case may be. Net non-operating income from property and securities not subject to the lien of the Mortgage may be included in revenues but only to the extent of not more than 10% of the total of such net earnings. No profits or losses on the disposition of property or securities or on the reacquisition of securities shall be included in net earnings. The net earnings calculation under the Mortgage is not affected by certain accounting write-offs related to plant costs.

Except as set forth above, the Mortgage does not limit the amount of additional bonds which can be issued; and it does not contain any restrictions on the issuance of unsecured indebtedness. In addition, the Mortgage does not prohibit a merger or sale of substantially all of the Company's assets or a comparable transaction, unless the lien of the Mortgage is impaired, and does not address the effect on bondholders of a highly leveraged transaction.

Property Additions/Bondable Bond Retirements

At March 31, 2008, the amount of net property additions not utilized under the Mortgage was approximately $33 million, and the amount of bondable bond retirements not previously utilized under the Mortgage was approximately $1.75 billion. The First Mortgage Bond will be issued on the basis of bondable bond retirements.

"*Bondable bond retirements*" means an amount equal to the principal amount of bonds retired by application of funds deposited with the Mortgage Trustee for cancellation, whether or not such deposit of funds or surrender of bonds is pursuant to a sinking fund or purchase fund.

"*Net property additions*" means the amount of $50,000,000, plus the cost or fair market value as of the mortgage date of acquisition thereof, whichever is less, of property additions, less all "current provisions for depreciation" made by the Company after December 1, 1944, after deducting from such current provisions for depreciation the amount of the "renewal fund requirement," if any, for the year 1945 and subsequent years.

"*Current provisions for depreciation*" for any period means the greater of:

- the total of the amounts appropriated by the Company for depreciation during that period on all property of the character of property additions not subject to a prior lien, increased or decreased, as the case may be, by net salvage value for that period, such amounts not to include, however, provisions for depreciation charged to surplus, charges to income or surplus for the amortization, write-down or write-off of acquisition adjustments or intangibles, property losses charged to operations or surplus, or charges to income in lieu of income and excess or other profits taxes; and

- an amount equal to one-twelfth of 2% for each calendar month of that period (or such lesser percentage, as may, at stated intervals, be certified by an independent engineer as adequate) of the original cost, as of the beginning of that month, of all depreciable property of the character of property additions not subject to a prior lien.

Renewal Fund Requirement

The Company covenants that it will, for each year, pay or cause to be paid to the Mortgage Trustee an amount of cash, as and for a renewal fund, equal to the excess, if any, of current provisions for depreciation for that year over the cost or fair market value as of the mortgage date of acquisition thereof, whichever is less, of property additions for that year, such amount, which will be the renewal fund requirement for such year, to be subject to reduction by an amount equal to the amount, certified to the Mortgage Trustee, of net property additions or bondable bond retirements, or both, not previously utilized under the Mortgage. There was no renewal fund requirement for any of the years 1945 through 1988, 1991, 1992, 1997 through 2003, 2005 or 2006. There was a $140.7 million renewal fund requirement for 1989, a $1 million requirement for 1990, a $50.9 million requirement for 1993, a $193.6 million requirement for 1994, a $15.0 million requirement for 1995, a $139.9 million requirement for 1996 and a $270.7 million requirement for 2004. In 1989, 1990, 1993, 1994 and 2004, the renewal fund requirement was satisfied by certifying an equivalent amount of net property additions. In 1995 and 1996, the renewal fund requirement was satisfied by certifying an equivalent amount of bondable bond retirements.

Modification of Mortgage

In general, modifications or alterations of the Mortgage and of the rights and obligations of the Company and of the bondholders, and waivers of compliance with the Mortgage, may, with the approval of the Company, be made at a meeting of bondholders upon the affirmative vote of bondholders owning 80% of the principal amount of the bonds entitled to vote at the meeting with respect to the matter involved, but no such modifications or alterations or waivers of compliance shall be made which will permit the extension of time or times of payment of the principal of or the interest or the premium, if any, on any bonds or the reduction in the principal amount thereof or in the rate of interest or the amount of any premium thereon, or any other modification in the terms of such principal, interest

or premium, which terms of payment are unconditional, or, otherwise than as permitted by the Mortgage, the creation of any lien ranking prior to or on a parity with the lien of the Mortgage with respect to any of the mortgaged property, all as more fully provided in the Mortgage.

Pending Amendment to Mortgage

We are amending the Mortgage in order to remove the current requirement that the mortgage trustee maintain its principal office in Chicago, Illinois. The immediate purpose of this amendment is to accommodate the desire of the current mortgage trustee to consolidate its trust affiliates into a single company, The Bank of New York Trust Company, N.A., whose principal office is located in Los Angeles, California. We also believe that lifting the restriction provides greater flexibility in selecting future trustees, should such a selection be necessary or desirable. The amendment is reflected within the Supplemental Indenture dated as of June 12, 2008, and owners of the Bonds will be deemed to have consented to that amendment by virtue of their acceptance of those Bonds. The amendment, however, will not become effective until it has received the requisite approvals under the Mortgage.

Concerning the Mortgage Trustee and the Co-Trustee

An affiliate of the Mortgage Trustee, BNY Midwest Trust Company, provides general banking services, including those as a depository, for the Company and certain of its affiliates. The Mortgage Trustee is an affiliate of the Trustee for the Bonds.

D.G. Donovan, Co-Trustee under the Mortgage, is an officer of the Mortgage Trustee.

Rights Upon Default

The Mortgage provides that in case any one or more of certain specified events (defined as "*completed defaults*") shall occur and be continuing, the Mortgage Trustee or the holders of not less than 25% in principal amount of the bonds may declare the principal of all bonds, if not already due, together with all accrued and unpaid interest thereon, to be immediately due and payable. The Mortgage Trustee upon request of the holders of a majority in principal amount of the outstanding bonds, shall waive such default and rescind any such declaration if such default is cured.

The Mortgage further provides that upon the occurrence of one or more completed defaults, the Mortgage Trustee and the Co-Trustee may proceed by such suits of law or in equity to foreclose the lien of the Mortgage or to enforce any other appropriate remedy as the Mortgage Trustee and the Co-Trustee, being advised by counsel, shall determine.

Holders of bonds have no right to enforce any remedy under the Mortgage unless the Mortgage Trustee and the Co-Trustee have first had a reasonable opportunity to do so following notice of default to the Mortgage Trustee and request by the holders of not less than 25% in principal amount of the outstanding bonds for action by the Mortgage Trustee and the Co-Trustee with offer of indemnity satisfactory to the Mortgage Trustee and the Co-Trustee against costs, expenses and liabilities that may be incurred thereby, but such provision does not impair the absolute right of any bondholder to enforce payment of the principal of and interest on such bondholder's bonds when due.

Default and Notice Thereof to First Mortgage Bondholders

The Mortgage provides that the following shall constitute completed defaults:

- default shall be made in the payment of any installment of interest on any of the bonds when due and such default shall continue for 60 days;

- default shall be made in the payment of the principal of any of the bonds when due, whether at maturity or by declaration or otherwise;

- default shall be made in the payment of any installment of interest on any prior lien bonds when due, and such default shall continue for 30 days after written notice given to the Company (following the expiration of the period of grace, if any, specified in the prior lien securing such prior lien bonds) by the Mortgage Trustee or to the Company and the Mortgage Trustee by the holders of not less than 5% in principal amount of the bonds;

- default shall be made in the payment of the principal of any prior lien bonds when due, whether at maturity or by declaration or otherwise, and such default shall continue for 30 days after written notice to the Company by the Mortgage Trustee or to the Company and the Mortgage trustee by the holders of not less than 5% in principal of the bonds;

- bankruptcy, receivership or similar proceedings shall be initiated by the Company, or any judgment entered in such proceedings initiated against the Company shall not have been vacated, set aside or stayed within 45 days after the entry thereof; and

- default shall be made in the observance or performance of any other of the covenants, conditions or agreements on the part of the Company contained in the Mortgage or in the bonds or in any prior lien or prior lien bonds, and such default shall continue for 90 days after written notice to the Company and the Mortgage Trustee by the holders of not less than 25% in principal amount of the bonds.

Within 90 days after the occurrence of any default which is known to the Mortgage Trustee and the Co-Trustee, the Mortgage Trustee and the Co-Trustee shall give to the bondholders notice of such default unless it shall have been cured; except that, in case of defaults in the payment of principal of or interest on the bonds, or in the payment of any sinking fund or purchase fund installment, the Mortgage Trustee, or any one or more of them, shall in good faith determine that the withholding of such notice is in the interests of the bondholders and the Co-Trustee shall in good faith determine that the withholding of such notice is in the interests of the bondholders.

Default Mandatory Redemption

The First Mortgage Bond shall be redeemed promptly, without notice, by the Company in whole at 100% of the principal amount thereof plus accrued interest to the date of redemption following receipt by the Mortgage Trustee of written notice from the Trustee stating that the principal of the Bonds has been declared to be immediately due and payable as a result of an event of default under the Indenture.

Certificates and Opinions

Officers' certificates evidencing compliance with the covenants in the Mortgage relating to the payment of taxes and the maintenance of insurance on properties of the Company subject to the lien of the Mortgage must be filed as exhibits to the certificate of the Company filed annually with the Mortgage Trustee. In connection with the taking of various actions by the Mortgage Trustee and the Co-Trustee, or the Mortgage Trustee upon application of the Company, including the authentication and delivery of additional bonds, the release of property, the reduction or withdrawal of cash and other matters, the Mortgage requires that the Company furnish to the Mortgage Trustee orders, requests, resolutions, certificates of the officers, engineers, accountants and appraisers, and opinions of counsel and other documents, the particular documents to be furnished in each case being dependant upon the nature of the application.

THE LOAN AGREEMENT

The following statements with respect to the Loan Agreement are brief summaries of certain provisions thereof and do not purport to be complete; such statements are subject to the detailed provisions of the Loan Agreement, including the definitions of the terms used under this caption. Wherever defined terms of the Loan Agreement are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Issuance of the Bonds; Loan of Proceeds

The Authority is issuing the Bonds for the purpose of refunding the Prior Bonds, the proceeds of which were used to refund a portion of the bonds previously issued to finance a portion of the Company's costs of the Project. The proceeds from the sale of the Bonds will be deposited with and held by the trustee under the indenture of trust securing such Prior Bonds.

The proceeds of the Bonds will be used to finance the refunding of the Prior Bonds on the redemption date of such Prior Bonds. The Company will pay the remaining cost of such redemption from its available funds.

Loan Repayments

The Company agrees to pay to the Trustee, for so long as any Bonds are Outstanding, on or before each date upon which the principal of, or the premium, if any, or interest on, the Bonds is payable in accordance with the provisions of the Indenture, a sum which, together with other money available therefor under the Indenture, will equal the sum of the principal of, and the premium, if any, and interest on, the Bonds which will be payable on such date (whether at maturity or by redemption or otherwise in accordance with the terms of the Indenture). In furtherance of the foregoing, so long as any Bonds are Outstanding, the Company will pay or cause to be paid all amounts required to prevent any deficiency or default in any payment of the principal of, the premium, if any, and interest on, and the purchase price of, the Bonds, including any deficiency caused by an act or failure to act by the Trustee, the Company, the Authority or any other person. The Company shall receive a credit against its obligation to make any payments on the First Mortgage Bond in an amount equal to the amount, if any, paid by or for the account of the Company under the Loan Agreement or the Indenture. Whenever payment or provision therefor has been made in respect of the principal of or premium, if any, or interest on all or any portion of the Bonds in accordance with the Indenture (whether at maturity or upon redemption or acceleration or upon provision for payment in accordance with the Indenture), the First Mortgage Bond shall be deemed paid in a principal amount equal to the principal amount of the Bonds being paid, to the extent such payment or provision therefor has been made and is considered to be a payment of principal, premium, if any, or interest on such Bonds. Subject to the foregoing or unless the Company is entitled to a credit under the Loan Agreement or the Indenture, all payments shall be in the full amount required under the First Mortgage Bond.

Payments on the First Mortgage Bond will be deposited with the Trustee and applied, along with any other funds on deposit for such purpose, to payments of principal of and premium, if any, and interest on the Bonds. The payments so deposited will be deemed to be like payments by the Company with respect to the First Mortgage Bond and will be credited against the Company's obligation to make payments on such First Mortgage Bond.

Such payments will be pledged under the Indenture by the Authority to the Trustee, and the Company is to make all such payments directly to the Trustee.

The Company's obligation to make payments under the Loan Agreement and under the First Mortgage Bond will be absolute and unconditional, without defense, recoupment or set-off by reason of any default by the Authority under the Loan Agreement or under any other agreement between the Company and the Authority or for any other reason.

Taxes; Expenses

The Company will promptly pay, as the same become due, all lawful taxes, assessments and governmental charges of any kind whatsoever including, without limitation, income, profits, property and excise taxes levied or assessed by federal, state or any local government upon the Authority with respect to payments under the Loan Agreement. The Authority agrees to give the Company prompt notice of any such taxes, assessments or governmental charges. The Company may, at its expense, in good faith contest any such taxes, assessments or other charges.

The Company is obligated to pay certain expenses of the Authority, the Trustee and agents serving under the Indenture, including the compensation and reimbursement of expenses of the Trustee and such agents.

Tax-exempt Status of the Bonds

The Company covenants and agrees that it will not knowingly take or authorize or permit, to the extent such action is within the control of the Company, any action which will result in the loss of the exclusion of interest on the Bonds from gross income of the owners of the Bonds for federal income tax purposes; and the Company also will not knowingly omit to take any action in its power which, if omitted, would cause such result.

The Authority, to the extent it has control over the proceeds of the Bonds and subject to the limitation on its liability as provided in the Loan Agreement and the Indenture, and the Company covenant and represent to each other and to and for the benefit of the purchasers and owners of the Bonds that so long as any of the Bonds remain Outstanding, amounts on deposit in any fund in connection with the Bonds, whether or not such amounts were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the *"Code"*), and any lawful regulations promulgated thereunder, as the same currently exist or may from time to time hereafter be amended, supplemented or revised. The Company and the Authority also each covenants for the benefit of the Bondholders to comply with all of the provisions of the Tax Agreement.

Credit Facilities

The Company may at any time provide a Credit Facility with respect to any Bonds and terminate any such Credit Facility; provided that no such termination may be effected with respect to the Bonds during any Commercial Paper Rate Period, Fixed Rate Mode, Indexed Mode or Term Rate Period then applicable with respect to the Bonds. The Company may substitute a Credit Facility for any Credit Facility then in effect; provided that no such substitution may be made with respect to the Bonds during any Commercial Paper Rate Period, Fixed Rate Mode, Indexed Mode or Term Rate Period then applicable with respect to the Bonds. Prior to the provision or termination by the Company of any Credit Facility (whether in connection with the substitution of an existing Credit Facility or otherwise), there shall be delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the delivery or termination, as the case may be, of such Credit Facility is permitted under the Indenture and the Loan Agreement and complies with the terms of the Loan Agreement and that the delivery or termination, as the case may be, of such Credit Facility will not adversely affect the tax-exempt status of interest on the Bonds and an Opinion of Counsel to the effect that such Credit Facility is the legal, valid and binding obligation of the Credit Facility Provider, enforceable in accordance with its terms. Upon provision of a Credit Facility to the Trustee and the foregoing Opinion of Bond Counsel to the Authority and the Trustee, the Trustee shall accept such Credit Facility and, if so directed by the Company, upon the effective date of the Credit Facility promptly surrender the previously held Credit Facility, if any, in accordance with the respective terms thereof for cancellation. If at any time there shall cease to be any Bonds Outstanding secured by a Credit Facility or provision for payment of such Bonds has been made in accordance with the defeasance provisions of the Indenture, the Trustee shall promptly surrender such Credit Facility in accordance with the terms of the Credit Facility for cancellation. The Trustee shall comply with the procedures set forth in the Credit Facility relating to the termination thereof.

Not less than 15 days (or such shorter period as is acceptable to the Trustee) prior to the termination, removal, substitution or delivery of any such Credit Facility or the expiration of an existing Credit Facility with respect to the Bonds, the Company shall send written notice of such termination, removal, substitution, delivery or extension to the Trustee together with, as applicable, an agreement to extend the Credit Facility.

Merger and Consolidation

The Company agrees that during the term of the Loan Agreement and so long as any Bond is outstanding, it will maintain its existence, will not dissolve, liquidate or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another legal entity or permit one or more other legal entities (other than one or more subsidiaries of the Company) to consolidate with or merge into it. Any dissolution, liquidation, disposition, consolidation or merger (a "*Transaction*") shall be subject to the following conditions, among others:

- the Company provides a certificate to the Authority and Trustee, in form and substance satisfactory to such parties, to the effect that no event of default exists under the Loan Agreement or the Indenture and that no event of default thereunder will be caused by the Transaction;

- the entity surviving the Transaction (the "*Survivor*") is organized and existing under the laws of the United States, a state thereof or the District of Columbia and assumes in writing and without condition or qualification the obligations of the Company under each of the Loan Agreement, the Tax Agreement, the Purchase Contract, the Initial Reimbursement Agreement, the Remarketing Agreement, the Supplemental Indenture and the First Mortgage Bond (collectively, the "*Company Agreements*");

- such dissolution, liquidation, disposition, consolidation or merger is permitted under the Mortgage;

- the Company or the Survivor, within ten days after execution thereof, furnishes to the Authority and Trustee a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger;

- neither the validity nor the enforceability of the Bonds, the Indenture or any material agreement related to the Bonds to which the Company is a party is adversely affected by the Transaction;

- the exclusion of the interest on the Bonds from gross income for federal income tax purposes is not adversely affected by the Transaction, and the provisions of the Act, the Indenture and the Company Agreements then in effect are complied with concerning the Transaction;

- no rating on the Bonds, if the Bonds are then rated, is reduced or withdrawn as a result of the Transaction;

- the Project continues to be as described in the Loan Agreement;

- any successor to the Company shall be qualified to do business in the State of Illinois and shall continue to be qualified to do business in the State throughout the term of the Loan Agreement; and

- the Authority has executed a certificate acknowledging receipt of all documents, information and materials described above.

Defaults and Remedies

Each of the following events will constitute an "*event of default*" under the Loan Agreement:

(a) failure by the Company to pay any loan repayments under the Loan Agreement on the dates and in the manner specified therein and the continuation of such failure after the expiration of any grace period applicable to the First Mortgage Bond under the Mortgage (see "THE FIRST MORTGAGE BOND AND THE MORTGAGE – Default and Notice Thereof to First Mortgage Bondholders"); or

(b) failure by the Company to observe and perform any of its Loan Agreement covenants or agreements, other than as referred to in clause (a) above, which shall occur and continue for a period of 60 days after receipt by the Company of written notice from the Authority or the Trustee, specifying such failure and requesting that it be remedied, unless (A) the Authority and the Trustee agree in writing to extend such time prior to its expiration or (B) the failure is such that it can be corrected (but not within such 60 day period) and corrective action is instituted by the Company within such 60-day period and diligently pursued until such failure is corrected; or

(c) the occurrence and continuation of an event of default under the Mortgage; or

(d) the occurrence and continuation of an event of default under the Indenture.

The failure to observe any covenant, agreement or representation referred to in clause (b) above, which failure results in interest on the Bonds becoming includible for federal income tax purposes in the gross income of any owner of a Bond (other than an owner who is a "substantial user" of the Project or a "related person" as defined in Section 103(b)(13) of the 1954 Code) shall not be an event of default under the Loan Agreement, and shall not give rise to any action by any Bondholders for breach of such covenant, agreement or representation so long as the Company is proceeding to redeem the First Mortgage Bond in order to effect the redemption of the Bonds upon a Determination of Taxability as described above (see "THE BONDS – Mandatory Redemption").

The Trustee, as assignee of the Authority and as an owner of the First Mortgage Bond, may, upon the occurrence of any event of default under the Mortgage, shall have the remedies provided in the Mortgage for owners of bonds issued under it. See "THE FIRST MORTGAGE BOND AND THE MORTGAGE – Rights Upon Default."

In addition to such remedies, the Authority (on its behalf and without the consent of the Trustee) or the Trustee, as assignee of certain rights of the Authority, may at any time take action at law or in equity to collect any payments then due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under the Loan Agreement.

Any amounts collected upon an Event of Default under the Loan Agreement will be deposited with the Trustee and applied in accordance with the Indenture.

Amendments

The Loan Agreement may be amended subject to the limitations contained in the Indenture. See "THE INDENTURE — Amendment of the Loan Agreement or First Mortgage Bond."

THE INDENTURE

The following statements with respect to the Indenture are brief summaries of certain provisions thereof and do not purport to be complete; such statements are subject to the detailed provisions of the Indenture, including the definitions of the terms used under this caption. Wherever defined terms of the Indenture are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Pledge and Assignment

To secure the payment of the Bonds, the Authority pledges, assigns and grants a security interest to the Trustee in the following:

- all Revenues, which include all amounts received by the Authority or the Trustee for the account of the Authority pursuant to or with respect to the Loan Agreement, including, without limitation, Loan Repayments, prepayments, insurance proceeds, condemnation proceeds, and all interest, profits, or other income derived from the investment of amounts on any fund or account established pursuant to the Indenture, but not including any Administrative Fees and Expenses or any money required to be deposited in the Rebate Fund or the Purchase Fund,

- any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (other than the Purchase Fund and the Rebate Fund) and

- the First Mortgage Bonds

(collectively, such Revenues, other amounts and the First Mortgage Bonds are referred to as the "*Trust Estate*"). In addition, the Authority grants a security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, all of the right, title and interest of the Authority in the Loan Agreement (except for (i) the

right to receive any Additional Authority Payments to the extent payable to the Authority under the Loan Agreement, (ii) Unassigned Authority Rights, and (iii) the obligation of the Company to make deposits pursuant to the Tax Certificate and Agreement).

Application of Proceeds

All of the proceeds received by the Authority upon the sale of the Bonds shall be deposited with the Trustee for further deposit with the prior trustee under the Indenture governing the Prior Bonds. Such funds, together with additional amounts deposited with the Prior Trustee by the Company, will be used to provide for the payment of the principal of and premium and accrued interest to the redemption date on the Prior Bonds.

Defaults

Each of the following events will constitute an "*Event of Default*" under the Indenture:

- default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable;
- default in the due and punctual payment of any installment of interest on any Bond when and as the same shall become due and payable;
- default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Credit Facility Provider (if any) or the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding;
- the occurrence of an event of default under the Loan Agreement;
- receipt by the Trustee of written notice from the Credit Facility Provider, if any, that an "Event of Default" (as defined in the Reimbursement Agreement) has occurred under a Reimbursement Agreement (which notice may include a statement that the amount available for interest drawings under the Credit Facility will not be reinstated) and requesting acceleration of the Bonds; or
- a failure to pay the Purchase Price when due.

Remedies and Rights of Bondholders

During the continuance of an Event of Default described in the first four bulleted sentences in the preceding section, unless the principal of all the Bonds shall have already become due and payable, the Trustee upon the written request of the Credit Facility Provider, if any, or the Holders of not less than 66-2/3% in aggregate principal amount of the Bonds at the time Outstanding with the consent of the Credit Facility Provider, if any, or upon the occurrence of an Event of Default described in the fifth and sixth bulleted sentence in the preceding section, the Trustee shall, promptly upon such occurrence, by notice in writing to the Authority, the Company and the Credit Facility Provider, if any, declare the principal of all the Bonds then Outstanding and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration, the Trustee shall promptly draw upon any then existing Credit Facility in accordance with its terms and apply the amount so drawn to pay the principal of and interest on the Bonds enhanced by such Credit Facility so declared to be due and payable. Interest on the Bonds shall cease to accrue as of the date of declaration. The Trustee, as promptly as feasible following acceleration of the Bonds, shall notify the Bondholders of the date of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption; provided, however, that failure to give such notice shall not affect the acceleration of the Bonds. In the event that the principal of or interest on Bonds shall be paid by the Credit Facility Provider pursuant to the terms of the Credit

Facility (i) the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the Bondholders shall continue to exist, such Bonds shall still be considered outstanding and the Credit Facility Provider shall be fully subrogated to all of the rights of such Bondholders in accordance with the foregoing terms and conditions and the provisions of the Credit Facility, and (ii) the Authority will pay to the Credit Facility Provider the principal of and interest on such Bonds, but only from the sources and in the manner provided in the Indenture.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered as provided, and before any Credit Facility has been drawn upon in accordance with its terms and honored, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal as provided in the Loan Agreement, and the reasonable fees and expenses of the Trustee, including reasonable fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee and the Credit Facility Provider, if any, or provision deemed by the Trustee and the Credit Facility Provider, if any, to be adequate shall have been made therefor, then, and in every such case, the Credit Facility Provider, if any, or the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, with the written consent of the Credit Facility Provider, if any, and confirmation that the Credit Facility, if any, has been reinstated to the Required Stated Amount, by written notice to the Authority and to the Trustee, may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon; and provided further that no such recission and annulment shall be permitted with respect to an Event of Default described under the 5th bullet sentence above unless the Credit Facility Provider confirms that, in addition to reinstating the Credit Facility to the Required Stated Amount, that the Credit Facility will not be terminated in accordance with its terms and that the notice of default has been rescinded. Notwithstanding any other provision of the Indenture except as provided in the following sentence, the Trustee may not exercise any remedy in the event of an Event of Default described in the first four bulleted sentences in the preceding section without the written consent of the Credit Facility Provider, if any, so long as the Credit Facility is in effect and the Credit Facility Provider, if any, is not in default under its payment obligations under the Credit Facility. The Trustee may exercise any and all remedies under the Indenture and the Loan Agreement (except acceleration) to collect any fees or expenses due from the Company to the Trustee or the Authority without obtaining the consent of the Credit Facility Provider, if any; provided that the Trustee shall first provide written notice to the Credit Facility Provider, if any, of its intent to exercise such remedies and provide the Credit Facility Provider, if any, with an opportunity to cure any failure of the Company with respect to such fees, expenses and indemnification prior to exercising any such remedy.

The Trustee, as the assignee of certain rights, titles and interests of the Authority in and to the Loan Agreement, may enforce each and every right, title and interest so assigned.

The Trustee may enforce any rights under the Indenture even if it does not possess any of the Bonds or does not produce any of them in the proceeding. No delay or omission by the Trustee, the Credit Facility Provider (if any) or any Bondholder in exercising any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of or acquiescence in any such default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust of the Indenture or any other remedy thereunder, unless, among other things, such Holder shall have given to the Trustee written notice of the occurrence of the Event of Default, the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made a written request to the Trustee, either to exercise the powers granted or to institute such action, suit or proceeding and shall have offered to the Trustee proper indemnity, and the Trustee shall for 60 days after such notice, request and offer of indemnity fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the

enforcement of the Indenture, or for the appointment of a receiver or for any other remedy thereunder. No one or more Holders of the Bonds shall have any right in any manner whatsoever to enforce any right under the Indenture except in the manner therein provided, and all proceedings at law or in equity shall be instituted, had and maintained in the manner provided therein and for the equal and ratable benefit of the Holders of all Bonds then outstanding. Nothing contained in the Indenture shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of and premium, if any, and interest on any Bond at and after the maturity thereof.

So long as the Credit Facility Provider is not in default under the Credit Facility, the Credit Facility Provider shall be deemed to be the owner of the Bonds for the purpose of all approvals, consents, waivers or institution of any action and the direction of all remedies, except as otherwise provided in the Indenture, including, without limitation, taking any action with respect to the amendment or enforcement of the First Mortgage Bond.

Defeasance

The Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture on the Bonds by the Authority:

- by paying or causing to be paid the principal or Redemption Price of and interest on the Bonds, as and when the same become due and payable, but, if a Credit Facility which is a letter of credit is in effect, such payment must be made from money paid pursuant to the Credit Facility;

- by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem all Bonds then Outstanding, but, if a Credit Facility which is a letter of credit is in effect, such payment must be made (or such securities must be provided) from money paid pursuant to the Credit Facility; provided that prior to any such deposit the Trustee shall have received from each Rating Agency then rating the Bonds, written confirmation that such action will not result in a reduction or withdrawal of the ratings on the Bonds; the money or securities so to be deposited or held by the Trustee pursuant to this bulleted sentence shall be:

  - lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity (based on the Maximum Rate for periods for which the actual interest rate is not known), except that, in the case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date (based on the Maximum Rate for periods for which the actual interest rate is not known); or

  - Investment securities consisting of

    (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in subparagraph (2) below), or

    (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America (not callable by their issuer prior to maturity, unless such call by the issuer was anticipated in the verification report relating to the escrow of which such investment securities are a part),

    the principal of and interest on which when due (without any income from its reinvestment) will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed (based on the Maximum Rate for periods for which the actual interest rate is not known), as such principal or Redemption Price and interest become due, provided that, in the case of Bonds that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given

as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by request of the Authority) to apply such money to the payment of such principal or Redemption Price and interest on such Bonds. However, if a Credit Facility then secures the Bonds, such money or investment securities shall be paid from the fund derived from the Credit Facility, if it is a letter of credit.

- by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority and no amounts are owing under the Credit Facility (if any) and such Credit Facility is cancelled, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture and upon receipt by the Trustee and the Credit Facility Provider (if any) of an Opinion or Opinions of Counsel to the effect that the obligations under the Indenture and the Bonds have been discharged, and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture shall be completely discharged and satisfied, except as otherwise provided in the Indenture.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate, become void and be completely discharged and satisfied, except only that thereafter the Holder thereof shall be entitled to payment of the principal or Redemption Price of and interest on such Bond by the Authority and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for its payment.

Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture (other than the Purchase Fund and the Rebate Fund).

Notwithstanding any provisions of the Indenture, any money held by the Trustee in trust for the payment of Redemption Price or the principal of, or interest on, any Bonds and remaining unclaimed for four years (or, if less, one day before such moneys would escheat to the State of Illinois under then applicable Illinois law) after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if that money was so held at such date, or four years (or, if less, one day before moneys would escheat to the State of Illinois under then applicable Illinois law) after the date of deposit of moneys if deposited after the date when all of the Bonds became due and payable, shall be repaid to the Company (unless such moneys are proceeds of the Credit Facility and moneys are owed to the Credit Facility Provider (if any) by the Company, in which event to the Credit Facility Provider (if any)) free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Trustee indemnifying the Trustee with respect to claims of Holders of Bonds that have not yet been paid, and all liability of the Trustee with respect to that money shall cease; provided, however, that before that repayment of such moneys to the Company or the Credit Facility Provider (if any), the Trustee may (at the cost of the Company) first mail to the Holders of Bonds that have not yet been paid, at the addresses shown on the bond registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Company or the Credit Facility Provider (if any) of the money held for their payment.

Supplemental Indenture

The Indenture may be modified or amended from time to time by the Authority and the Trustee, with notice to and the consent of other parties as provided in the Indenture, without the consent of the Bondholders but with the consent of the Credit Facility Provider, if any, if the Trustee determines that the provisions of the supplemental indenture implementing such modifications and amendments will not materially adversely affect the interests of Holders, including, without limitation, for any one or more of the following purposes:

- to add to the covenants and agreements of the Authority subsequently to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power in the Indenture reserved to or conferred upon the Authority;

- to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable and not inconsistent with the Indenture;

- to modify, amend or supplement the Indenture in such manner as to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such act or similar federal statute;

- to make the Bonds eligible for deposit with any Securities Depository;

- to obtain a rating on the Bonds;

- to conform to the terms and provisions of any liquidity facility delivered pursuant to the Indenture or any Credit Facility; or

- to make any modification or amendment to the Indenture, even if consent of Holders would otherwise be required, (i) if such amendment will be effective upon the remarketing of Bonds following a mandatory purchase, as described above under "THE BONDS – Mandatory Purchase of Bonds" or (ii) with respect to Bonds in a Daily Mode or a Weekly Mode only, if notice of such proposed modification or amendment is given to Holders (in the same manner as notices of redemption are given) at least 15 days before the effective date thereof and on or before such effective date, the Holders have the right to demand purchase of their Bonds as described under "THE BONDS -- Purchase of Bonds on Demand of Owner"; provided, that, on or prior to the effective date of such modification or amendment, the Trustee shall obtain a Favorable Opinion of Bond Counsel.

The Indenture also may be modified or amended from time to time when the written consent of (i) the Credit Facility Provider, if any (so long as the Credit Facility is in effect or any amounts are owing to the Credit Facility Provider, if any, and the Credit Facility Provider, if any, is not then in default under its payment obligations under the Credit Facility), (ii) the Company (provided it is not in default under the Loan Agreement) and (iii) the Holders of a majority in aggregate principal amount of all Bonds then Outstanding (if the Credit Facility is no longer in effect or the Credit Facility Provider, if any, is then in default under its payment obligations under the Credit Facility), shall have been filed with the Trustee. No such modification or amendment shall:

- extend the fixed maturity of any Bond, or reduce the amount of principal, or change the method of computing the rate of interest, or extend the time of payment of interest, or reduce any premium payable upon redemption, without the consent of the Holder of each Bond so affected, or

- reduce the percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as

expressly provided in the Indenture), without the consent of the Holders of all of the Bonds then Outstanding, or

- modify any of the rights or obligations of the Trustee without its prior written consent; nor shall the Trustee be required to consent to any such amendment that adversely affects its rights or obligations under the Indenture or under the Loan Agreement, the Credit Facility or the Remarketing Agreement.

It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture described in this paragraph, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency then rating the Bonds, to the Credit Facility Provider, if any, the Company and to the Holders of the Bonds at the addresses shown on the bond registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Amendment of the Loan Agreement or First Mortgage Bond

The Loan Agreement or the First Mortgage Bond may be amended with the prior written consent of the Trustee and the Credit Facility Provider, but without the consent of or a notice to any of the Holders, or the Authority and the Company may consent to the amendment or modification thereof in any manner not inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- to cure any ambiguity or formal defect in the Loan Agreement or the First Mortgage Bond;

- to grant to or confer upon the Authority or Trustee, for the benefit of the Holders, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Authority or the Trustee;

- to amend or modify the Loan Agreement, or any part thereof, in any manner specifically required or permitted by the terms thereof, including, without limitation, as may be necessary to maintain the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds;

- to provide that Bonds may be secured by a Credit Facility or other additional security not otherwise provided for in the Indenture or the Loan Agreement;

- to modify, amend or supplement the Loan Agreement, or any part thereof, or any supplement thereto, in such manner as the Trustee, the Company and the Remarketing Agent deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to tax-exempt obligations of the type that includes the Bonds;

- to provide for the appointment of a successor Securities Depository;

- to provide for the availability of certificated Bonds;

- to provide for the addition of any interest rate mode, or to provide for the modification or deletion of any interest rate mode so long as no Bonds will be operating in the interest rate mode when it is to be so modified or deleted, or to amend, modify or alter the interest rate setting provisions, tender provision or conversion provisions for any then existing interest rate mode so long as no Bonds will be operating in the interest mode when such provisions are to be so amended, modified or altered;

- to provide for the appointment of a liquidity provider and the application of a liquidity facility as described in the Indenture;

provided that, in each case, there is delivered to the Trustee an Opinion of Bond Counsel stating that any such addition, deletion, amendment, modification or alteration will not adversely affect any exclusion from gross income

for purposes of federal income taxation of interest on the Bonds. In addition, the Loan Agreement or the First Mortgage Bond may be amended with the written consent of the Trustee and the Credit Facility Provider, but without the consent of or a notice to any of the Holders, to make any other change which does not, in the opinion of the Trustee, have a material adverse effect upon the interests of the Holders.

In addition, the Trustee may, with the consent of the Credit Facility Provider, if any, grant such waivers of compliance by the Company with the provisions of the Loan Agreement as to which the Trustee may deem necessary or desirable to effectuate the purposes or the intent of the Loan Agreement and which, in the opinion of the Trustee, do not have a material adverse effect upon the interests of the Bondholders, provided that the Trustee shall file with the Authority any and all such waivers granted by the Trustee within three business days thereof.

The Indenture provides that the Bonds are initially secured by the Initial Credit Facility and no separate facility providing for the payment of the Purchase Price of Bonds tendered and not remarketed is required. If a Substitute Credit Facility is delivered that does not include provision for the payment of the Purchase Price of unremarketed Bonds, and if the Bonds are in a Mode in which the Bonds may be tendered for purchase, the Indenture and the Loan Agreement may be amended by the Authority upon the request of the Company to provide for a liquidity facility for the Bonds in addition to such Substitute Credit Facility. No consent shall be required of the Bondholders to any such amendment.

The Trustee

Except during the continuance of an Event of Default, the Trustee will undertake to perform such duties and only such duties as are specifically set forth in the Indenture. During the existence of any Event of Default (that has not been cured), the Trustee shall exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Trustee may at any time resign by giving written notice to the Authority, the Company, the Credit Facility Provider (if any), the Remarketing Agent (if any) and the Holder of each Bond. Such resignation will only take effect upon the acceptance of appointment by a successor trustee. The Authority may, and upon written request of the Company shall, remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint, with the written consent of the Company, a successor Trustee by an instrument in writing. In each case, such removal will only take effect upon the acceptance of appointment of the successor trustee. Notwithstanding any other provision of the Indenture to the contrary, no removal, resignation or termination of the Trustee may take effect until a successor trustee has accepted appointment.

The Trustee must at all times be a trust company or bank having the powers of a trust company in the State of Illinois, having a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority, and having an office in Illinois.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 (the "*Rule*") promulgated by the Commission, the Company will covenant in a Continuing Disclosure Agreement (the "*Continuing Disclosure Agreement*") for the benefit of the Holders and Beneficial Owners from time to time of the Bonds, to take the following actions:

- The Company will:
  - file annual reports on Form 10-K as required under Sections 13 or 15(d) of the Exchange Act, or
  - if the Company is not required to file a Form 10-K under the Exchange Act at any time during the term of the Bonds, provide to each nationally recognized municipal securities information repository ("*NRMSIR*") and to each state information depository, if any, for the State of Illinois (none currently exists) (the "*SID*"), in each case as designated by the Commission in accordance with the Rule, (1) certain financial and operating data relating to the Company and comparable to certain information contained in a Form 10-K and (2) audited financial statements prepared in accordance with generally accepted accounting principles, in each case not later than 120 days after the end of the Company's fiscal year (the "*Annual Report*");
- The Company will provide, in a timely manner, to each NRMSIR and the SID, if any, notice of failure of the Company to provide any Annual Report on or before the date specified in the Continuing Disclosure Agreement.
- The Company will provide, in a timely manner, to each NRMSIR and the SID, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material: (i) principal and interest payment delinquencies, (ii) non-payment related defaults, (iii) any unscheduled draws on debt service reserves reflecting financial difficulties, (iv) any unscheduled draws on credit enhancements reflecting financial difficulties, (v) substitution of credit or liquidity providers, or their failure to perform, (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds, (vii) modifications to rights of Holders or Beneficial Owners of the Bonds, (viii) the giving of notice of optional or unscheduled redemption of any Bonds, (ix) defeasance of the Bonds or any portion thereof, (x) release, substitution, or sale of property securing repayment of the Bonds; and (xi) rating changes with respect to the Bonds.

These covenants have been made in order to assist the Underwriters in complying with the Rule.

The Company may modify from time to time the specific types of information provided or the format of the presentation of such information, as a result of change in its legal requirements or change in the nature of the Company; *provided* that any such modification will be done in a manner consistent with the Rule and will not, in the opinion of the Trustee (who may rely on an opinion of counsel), materially impair the interests of the holders of the Bonds.

The Company acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of each holder of the Bonds. Breach of the undertaking will not constitute a default with respect to the Bonds or the First Mortgage Bond or under the Indenture, the Mortgage or the Loan Agreement, but the undertaking may be enforced by any Beneficial Owner of the Bonds by an action for specific performance. Beneficial Owners of Bonds may wish to file their names and addresses with the Trustee for the purposes of receiving notices or giving direction under the Continuing Disclosure Agreement.

Any individual Holder or Beneficial Owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the Company to comply with any provision of the Continuing Disclosure Agreement. Any such proceedings (including any proceeding that contests the sufficiency of the information provided by the Company in accordance with the Continuing Disclosure Agreement) may be instituted and maintained only by the Holders and Beneficial Owners of not less than 25% in aggregate principal amount of the Bonds then outstanding or their agent.

The Continuing Disclosure Agreement will remain in effect only for such period that any of the Bonds are outstanding in accordance with their terms and the Company remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Company is in compliance with all of its previous continuing disclosure undertakings.

LITIGATION

The Authority

There is no pending (as to which the Authority has received service of process) or, to the knowledge of the Authority, threatened litigation against the Authority that in any way questions or materially affects the validity of the Bonds, the validity or enforceability of the Loan Agreement or the Indenture or any proceedings or transactions relating to the issuance, sale or delivery of the Bonds or that may materially adversely affect the refunding of the Prior Bonds.

The Company

There is no pending (as to which the Company has received service of process) or, to the knowledge of the Company, threatened litigation against the Company: (i) that in any way questions or materially affects the validity of the Bonds or the First Mortgage Bond, the validity or enforceability of the Loan Agreement or the Indenture or any proceedings or transactions relating to the issuance, sale or delivery of the Bonds or that may materially adversely affect the refunding of the Prior Bonds; or (ii) in which the Company's management believes an adverse determination is likely that would have a materially adverse effect on the financial position of the Company.

UNDERWRITING

Banc of America Securities LLC and Loop Capital Markets, LLC (the *"Underwriters"*) will agree, subject to certain conditions, to purchase the Bonds at a price equal to 100% of the principal amount thereof. The Company will pay the Underwriters a fee of $124,575 for their services as underwriters for the Bonds. The Underwriters may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof, and the offering price set forth on the cover page may be changed after the initial offering by the Underwriters.

The Purchase Contract among the Authority, the Company and the Underwriters will provide that the Underwriters will purchase all of the Bonds if any of the Bonds are purchased. The Company will agree in the Purchase Contract to indemnify the Underwriters and the Authority against certain liabilities, or to contribute to any payments required to be made by the Underwriters relating to such liabilities, including liabilities under the federal securities laws.

In the ordinary course of its business, the Underwriters and some of their affiliates have engaged and, in the future, may engage in investment banking and/or commercial banking transactions with the Company and its affiliates.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "*Code*"), and the Internal Revenue Code of 1954, as amended (the "*1954 Code*"), contain a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and the facilities financed or refinanced therewith and certain other matters. The Authority and the Company have covenanted to comply with all requirements of the Code and the 1954 Code that must be satisfied in order for the interest on the Bonds to be excludible from gross income. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income retroactive to the date of issuance of the Bonds.

Subject to the condition that the Authority and the Company comply with the above-referenced covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds will not be includible in the gross income of the owners thereof for federal income tax purposes except for interest on any Bond for any period during which the Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such

a person (within the meaning of Section 103(b)(13) of the 1954 Code). Bond Counsel is further of the opinion that interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certificates of the Authority and the Company with respect to certain material facts solely within the Authority's and the Company's knowledge relating to the property financed or refinanced with the proceeds of the Bonds and the application of the proceeds of the Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Agreement and other relevant documents may be changed and certain actions (including, without limitation, conversion of the interest mode on the Bonds and defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel has not verified these representations by independent investigation. Bond Counsel does not purport to be an expert in financial analysis, financial projections or similar disciplines. Failure of any of these factual representations to be correct may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. The opinion of Bond Counsel expresses the professional judgment of Bond Counsel regarding the legal issues expressly addressed therein. By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code or to state law, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal or state income taxation, or otherwise prevent the Owners from realizing the full current benefit of the tax status of the interest on the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending federal or state legislation, as to which Bond Counsel expresses no view.

Bond Counsel is not obligated to defend the Authority or the Company, regarding the tax-exempt status of the Bonds in the event of an examination by the IRS. Under current IRS procedures, the Owners and other parties other than each the Issuer would have little, if any, right to participate in an IRS examination of the Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt bonds is difficult, obtaining independent review of IRS positions with which the Authority or the Company legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for examination, or the course or result of such an examination, or an examination of bonds presenting similar tax issues may affect the market price, or the marketability, of the Bonds, and may cause the Authority, the Company or the Owners to incur significant expense.

Section 6049 of the Code requires information reporting for payments of tax-exempt interest, applicable to interest paid after December 31, 2005. The IRS has published transitional guidance for information reporting requirements for payments of interest on tax-exempt bonds, including circumstances under which "backup withholding" may be required.

Interest on the Bonds is not exempt from present State of Illinois income taxes.

The Bonds are being issued by the Authority to refund the Prior Bonds.

CERTAIN LEGAL MATTERS

The issuance of the Bonds is subject to the approving legal opinion of Foley & Lardner LLP, Chicago, Illinois, as Bond Counsel ("*Bond Counsel*") which has been retained by the Company, and the Underwriters' obligations to purchase the Bonds are subject to the issuance of Bond Counsel's approving opinion with respect thereto. Bond Counsel has not been retained or consulted on disclosures matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material related to the Bonds. Bond Counsel assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement except that in its capacity as Bond Counsel, Foley & Lardner LLP, at the request of the Underwriters, has reviewed the statements under the captions "THE BONDS" (other than under the subcaption "Book-Entry System"), "THE LOAN AGREEMENT" and "THE INDENTURE" in this Official Statement solely to determine if those statements accurately summarize the portions of those documents that are so summarized. Bond Counsel has also reviewed the statements under the caption "TAX EXEMPTION" solely to determine whether the reviewed statements are accurate. Such review was undertaken solely at the request and for the benefit of the Underwriters. Foley & Lardner LLP provides legal services to Exelon Corporation and its subsidiaries, including the Company, from time to time.

Certain legal matters will be passed upon for the Company by its counsel, Sidley Austin LLP. Certain legal matters will be passed upon for the Authority by its counsel, Kevin M. Cahill, Esquire. Certain legal matters will be passed upon for the Underwriters by their counsel, Winston & Strawn LLP. Winston & Strawn LLP provides legal services to Exelon Corporation and its subsidiaries, including the Company, from time to time.

RELATIONSHIP OF PARTIES

The Mortgage Trustee is an affiliate of The Bank of New York Trust Company, N.A., the Trustee under the Indenture.

MISCELLANEOUS

The attached Appendices (including the documents incorporated by reference therein) are an integral part of this Official Statement and must be read together with the balance of this Official Statement.

The distribution of this Official Statement has been duly authorized by the Authority. The Authority neither has nor assumes, however, any responsibility for the accuracy or completeness of any information contained herein (other than under "THE AUTHORITY" and "LITIGATION — The Authority") or in the Appendices hereto, all of which has been furnished by others.

Commonwealth Edison Company
Schedule D-7 Embedded Cost Of Long Term Debt
Years 2005 - 2009
(In Dollars)

Line No.	Description	FERC Form 1 Source	12/31/09	12/31/08	12/31/07	12/31/06	12/31/05
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Long-Term Debt Outstanding CR / (DR)						
2	Long-Term Debt Outstanding (Accts 221 - 224)	p. 112, l. 18 - 21	$4,944,016,000	$4,961,116,000	$4,809,511,132	$4,605,295,468	$4,187,459,922
3	Unamortized Premium on Long-Term Debt (Acct 225)	p. 112, l. 22	2,357,857	2,954,541	3,716,767	4,905,478	9,883,172
4	Unamortized Discount on Long-Term Debt (Acct 226)	p. 112, l. 23	(28,842,483)	(32,015,129)	(32,567,402)	(22,003,728)	(21,173,375)
5	Unamortized Gain on Reacquired Debt (Acct 257)	p. 113	78,436.00	102,292	126,147	150,004	173,860
6	Unamortized Loss on Reacquired Debt (Acct 189)	p. 111	(109,689,181)	(128,874,467)	(134,194,591)	(157,056,760)	(80,406,712)
7	Loss on Settled Cash Flow Swaps (Acct 182.3)	p. 232, l. 8	(16,084,155)	(17,827,158)	(19,722,147)	(25,112,842)	(30,503,537)
8	Gain on Settled Cash Flow Swaps (Acct 254)	p. 278, l. 3	496,562	1,291,060	2,085,558	2,880,057	3,674,555
9	Unamortized Debt Expenses (Acct 181)	p. 111	(26,404,295)	(30,541,677)	(26,036,018)	(22,718,635)	(15,491,106)
10	Net Long-Term Debt Outstanding		$4,765,928,741	$4,756,205,462	$4,602,919,446	$4,386,339,042	$4,053,616,779
11	Cost of Long-Term Debt DR / (CR)			2008	2007	2006	2005
12	Interest on Long-Term Debt (Acct 427 / 430) (a)	p. 256 - 257, col. (I)		$ 297,945,717	$ 266,378,325	$ 251,853,367	$ 258,212,348
13	Amortization of Debt Discount and Expense (Acct 428)	p. 117, l. 63		7,521,711	6,282,067	5,280,739	5,883,356
14	Amortization of Loss on Reacquired Debt (Acct 428.1)	p. 117, l. 64		21,113,675	22,862,169	10,155,435	10,253,729
15	Amortization of Premium on Debt (Acct 429)	p. 117, l. 65		(762,226)	(1,188,711)	(6,985,965)	(10,137,935)
16	Amortization of Gain on Reacquired Debt (Acct 429.1)	p. 117, l. 66		(23,856)	(23,856)	(23,856)	(48,425)
17	Total Cost of Long-Term Debt			$ 325,795,021	$ 294,309,994	$ 260,279,720	$ 264,163,073
18	Embedded Cost of Long-Term Debt Rate (l. 18 / l. 11)		6.53%	(b) 6.85%	6.39%	5.93%	6.52%

Notes:

(a)	Total Interest Reported on Form 1 pages 256 - 257		$ 297,945,717	$ 266,378,325	$ 251,853,367	$ 258,212,348
	Interest on Short-Term Obligations to Associated Companies	See footnotes to FERC Form 1	-	-	122,520	603,275
	Amortization of Settled Cash Flow Swaps	page 256-257, line 1, col. i	1,100,491.00	4,596,196	4,596,196	-
	Line of Credit		-	-	630,104	-
	Misc. Interest/Debt Expense		69,505.00	-	-	66,368
	Total Interest Expense Reported in Accounts 427 and 430		$ 299,115,713	$ 270,974,521	$ 257,202,187	$ 258,881,991

(b) Cost of Debt for 2009 from Schedule D-3, page 2 of 2.

Commonwealth Edison Company
Schedule D-7 - Estimated Return on Rate Base (a)
Years 2005 - 2009
(In Dollars)

Line No.	Description	FERC Form 1 Source	12/31/09	12/31/08	12/31/07	12/31/06	12/31/05
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Rate Base (Unadjusted) (a)						
2	Plant in Service	p. 200, l. 3	$ 16,769,888,224	$ 15,721,848,630	$ 15,120,680,377	$ 14,629,378,234	$ 13,780,713,156
3	Completed Construction Not Classified	p. 200, l. 6	521,097,224	900,608,799	639,891,325	409,703,000	555,663,418
4	Accumulated Depreciation	p. 200, l. 22	(6,604,819,219)	(6,302,046,814)	(6,193,576,495)	(5,944,811,970)	(5,763,732,739)
5	Net Utility Plant (b)		10,686,166,229	10,320,410,615	9,566,995,207	9,094,269,264	8,572,643,835
6	Plant Materials and Supplies (Acct 154)	p. 110	71,325,663	74,958,501	74,376,591	82,442,648	49,633,833
7	Stores Expense Undistributed (Acct 163)	p. 111	-	-	-	-	-
8	Fuel (Acct 151 - 152)	p. 110	-	-	-	-	-
9	Property Held For Future Use	p. 214	31,532,390	32,004,439	39,110,363	32,811,503	40,560,237
10	Other Regulatory Assets (Acct 182.3) -						
11	Recoverable Transition Costs	p. 232	-	-	-	-	43,806,644
12	Capitalized Incentive - March 2003 Agreement	p. 232	8,680,760	8,922,247	9,177,325	9,432,402	9,687,476
13	Unrecovered Nuclear Decommissioning Costs	p. 232	-	-	-	-	-
14	Accumulated Deferred Income Taxes (Acct 190)	p. 111	323,016,420	309,948,557	285,308,691	278,841,466	246,809,375
15	Pension Asset (Acct 186)	p. 233	907,476,041	846,938,710	875,240,245	913,785,454	937,956,097
16	RTO Start-up Costs (Acct 186)	p. 233	-	-	-	1,364,403	19,737,329
17	Operating Reserves (Acct 228)						
18	Accum Prov for Injuries & Damages (Acct 228.2)	p. 112	(53,027,607)	(63,307,496)	(71,680,696)	(63,468,250)	(58,518,058)
19	Accum Prov for Pensions & Benefits (Acct 228.3)	p. 112	(288,328,057)	(249,387,659)	(228,589,901)	(211,910,759)	(210,658,083)
20	Accum Misc Operating Provisions (Acct 228.4)	p. 112	(112,648,855)	(89,079,873)	(76,919,535)	(57,647,789)	(54,471,994)
21	Asset Retirement Obligations (Acct 230)	p. 112	(94,708,077)	(173,970,921)	(163,467,199)	(156,475,418)	(150,631,165)
22	Customer Advances for Construction (Acct 252)	p. 113	(70,836,167)	(64,299,068)	(50,753,270)	(25,486,360)	(15,250,333)
23	Accumulated Deferred ITC's (Acct 255)	p. 113	(31,714,677)	(34,532,793)	(37,360,937)	(40,200,989)	(43,041,043)
24	Accumulated Deferred Income Taxes (Accts 281 - 283)	p. 113	(3,056,518,743)	(2,730,923,946)	(2,599,270,585)	(2,519,590,869)	(2,380,722,647)
25	Remove Accum Def Taxes on Like-Kind Exchange	(c)	356,260,813	368,737,288	381,213,762	393,690,237	406,166,711
26	Net Rate Base (Unadjusted)	(a)	$ 8,676,676,133 (a)	$ 8,556,418,601 (a)	$ 8,003,380,061 (a)	$ 7,731,856,943 (a)	$ 7,413,708,214 (a)

Notes:
(a) Amounts based on FERC Form 1 reported data and do not reflect all rate making adjustments necessary for establishing a jurisdictional revenue requirement.
(b) Excludes goodwill (Plant Acquisition Adjs - Accts 114 and 115) and CWIP (Acct 107).
(c) See Schedule B-9, Page 2, line 16.