

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
MAY 18, 2012**

Director Bearden moved that the following resolutions be adopted:

WHEREAS, in 2009 Big Rivers Electric Corporation (“Big Rivers”) issued its 2009 Promissory Note Series A (the “RUS Series A Note”) currently outstanding in the principal amount of \$526,603,000 and Big Rivers is obligated to reduce the maximum permitted outstanding balances of such RUS Series A Note by \$60 million by October 1, 2012 and by \$200 million by January 1, 2016; and

WHEREAS, in order to prepay a portion of the RUS Series A Note, Big Rivers has negotiated an agreement entitled “Loan Agreement” with National Rural Utilities Cooperative Finance Corporation (“CFC”) for a loan in the aggregate amount not to exceed \$345,155,800 from CFC (the “Loan Agreement”); a form of the Loan Agreement is attached hereto as Exhibit A and has been presented to the Board for its approval; and

WHEREAS, Big Rivers wishes to use \$302,000,000 of the proceeds of the Loan Agreement to prepay a portion of the RUS Series A Note and wishes to use \$43,155,800 of the proceeds to fund the purchase of Capital Certificates (as defined in the Loan Agreement) in accordance with the terms of the Loan Agreement; and

WHEREAS, a portion of the loan under the Loan Agreement will be evidenced by the note entitled “Refinance Note” in the amount of \$302,000,000 (the “First Mortgage Notes, Series 2012B”), which will be issued and secured under the Indenture, dated as of July 1, 2009, as supplemented (the “Indenture”), between Big Rivers and U.S. Bank Trust National Association, as trustee (in such capacity, the “Trustee”); and

WHEREAS, the remainder of the loan under the Loan Agreement will be evidenced by the unsecured note entitled “Equity Note” in the amount of \$43,155,800 (the “Equity Note”); and

WHEREAS, a supplemental indenture (the “Third Supplemental Indenture”) authorizing the issuance of a series of Additional Obligations (as defined in the Indenture) entitled the First Mortgage Notes, Series 2012B is attached hereto as Exhibit B; the form of the First Mortgage Notes, Series 2012B is attached as Exhibit B to the Third Supplemental Indenture and the Third Supplemental Indenture, including the form of the First Mortgage Notes, Series 2012B, has been presented to the Board for its approval; and

WHEREAS, the form of the Equity Note is attached hereto as Exhibit C and has been presented to the Board for its approval.

NOW, THEREFORE, the Board hereby resolves as follows:

RESOLVED, that each of the following is an Authorized Representative: The Chair, Vice Chair, Secretary-Treasurer and any Assistant Secretary-Treasurer of the Board; the President and Chief Executive Officer of Big Rivers, any Senior Vice President and any Vice

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President of Big Rivers; and any other officer or employee of Big Rivers designated as an Authorized Representative in writing by an Authorized Representative listed above.

RESOLVED, FURTHER, that the Loan Agreement in substantially the form presented to this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Loan Agreement on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Assistant Secretary-Treasurer of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his execution thereof.

RESOLVED, FURTHER, that the Third Supplemental Indenture in substantially the form presented to this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Third Supplemental Indenture on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Assistant Secretary-Treasurer of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his execution thereof.

RESOLVED, FURTHER, that the First Mortgage Notes, Series 2012B (in the form set forth as Exhibit B to the Third Supplemental Indenture), in the principal amount of \$302,000,000, be, and they hereby are authorized to be issued as a series of Additional Obligations under the Indenture pursuant to Sections 4.2, 4.3 and/or 4.4 of the Indenture, as supplemented by the Third Supplemental Indenture, in substantially the form presented to this meeting, be, and such form hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the First Mortgage Notes, Series 2012B on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Assistant Secretary-Treasurer of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his execution thereof.

RESOLVED, FURTHER, that the Equity Note (in the form attached hereto as Exhibit C), in the principal amount of \$43,155,800, be, and it hereby is authorized to be issued in substantially the form presented to this meeting and such form hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Equity Note on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Assistant Secretary-Treasurer of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his execution thereof.

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RESOLVED, FURTHER, that the Authorized Representatives of Big Rivers be, and they hereby are, and each of them hereby is authorized and directed for, and on behalf of Big Rivers, to execute all such agreements, documents, instruments certificates, and other papers, and to do all such acts and things as may be necessary or desirable to complete the transactions authorized hereby, including, without limitation, the prepayment of a portion of the RUS Series A Note, the negotiation with the Department of Agriculture, Rural Utilities Services (“RUS”) of the reduction of the maximum outstanding minimum balances of the RUS Series A Note, the securing of the First Mortgage Notes, Series 2012B under the Indenture, including, without limitation, the obtaining of all approvals or consents from CFC, RUS and the Kentucky Public Service Commission, the entry into the Loan Agreement with CFC, the entry into the Third Supplemental Indenture with the Trustee, the issuance and delivery of the First Mortgage Notes, Series 2012B under the Indenture, the issuance and delivery of the Equity Note, the entry into arrangements with RUS relating to the reduction of maximum permitted outstanding balances of the RUS Series A Note, and the carrying out of the terms of the various agreements and documents authorized or approved in the foregoing resolutions, and to otherwise carry out the purposes and intent of the foregoing resolutions; and any such acts or things done or accomplished prior to the date hereof in furtherance of the foregoing be, and they hereby are, in all respects approved, ratified and confirmed.

RESOLVED, FURTHER, that the foregoing resolutions shall take effect immediately. The motion was seconded and unanimously approved.

I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation, hereby certify that the above is a true and correct excerpt from the minutes of the Regular Meeting of the Board of Directors of said Corporation held on 5-18-12.

Paula Mitchell

EXHIBIT A

LOAN AGREEMENT

LOAN AGREEMENT (this "**Agreement**") dated as of _____, 2012 between BIG RIVERS ELECTRIC CORPORATION (the "**Borrower**"), a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("**CFC**"), a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower has applied to CFC for loans for the purposes set forth in Schedule 1 hereto, and CFC is willing to make such loans to the Borrower on the terms and conditions stated herein; and

WHEREAS, the Borrower has agreed to execute two (2) promissory notes to evidence an indebtedness in the aggregate principal amount of the CFC Commitment (as hereinafter defined).

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Capitalized terms used herein shall have the meanings as set forth (i) below, or (ii) elsewhere herein as indicated by such terms shown in quotation marks within parentheses. All such definitions shall be equally applicable to the singular and the plural form thereof. Capitalized terms that are not defined herein shall have the meanings as set forth in the Indenture (as hereinafter defined).

"Advance" shall mean the advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

"Affiliate" shall have the meaning set forth in the Indenture.

"Amortization Basis Date" shall mean the first calendar day of the month following the end of the Billing Cycle in which the Advance occurs, provided, however, that if the Advance is made on the first day of a Billing Cycle, and such day is a Business Day, then the Amortization Basis Date shall be the date of the Advance.

"Billing Cycle" shall mean any three-month period ending on, and including, a Payment Date.

"Business Day" shall mean any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business.

"Capital Certificate" shall mean a certificate, or book entry form of account, evidencing the Borrower's purchase of subordinated debt instruments issued by CFC from time to time. Such instruments may be denoted by CFC as "Loan Capital Term Certificates," "Member Capital Securities," "Subordinated Term Certificates," or other like designations.

"CFC Commitment" shall have the meaning as defined in Schedule 1.

"CFC Fixed Rate" shall mean (i) such fixed rate as is then available for loans similarly classified pursuant to CFC's policies and procedures then in effect, or (ii) such other fixed rate as may be agreed to in writing by the parties.

"CFC Fixed Rate Term" shall mean the specific period of time that a CFC Fixed Rate is in effect for an Advance.

"CFC Obligations" shall mean any and all liabilities, obligations or indebtedness owing by the Borrower to CFC under the Loan Documents, of any kind or description, irrespective of whether for the payment of money, whether *direct or indirect, absolute or contingent*, due or to become due, now existing or hereafter arising.

"CFC Variable Rate" shall mean (i) the rate established by CFC for variable interest rate long-term loans similarly classified pursuant to the long-term loan programs established by CFC from time to time, or (ii) such other variable rate as may be agreed to by the parties.

"Closing Date" shall mean the date specified on Schedule 1.

"Conversion Request" shall mean a written request from any duly authorized officer or other employee of the Borrower requesting an interest rate conversion available pursuant to the terms of this Agreement.

"Default Rate" shall mean a rate per annum equal to the interest rate in effect for an Advance plus two hundred (200) basis points.

"Direct Serve Contracts" shall mean wholesale electric service contracts (together with material amendments or supplements thereto and all successor or replacement contracts and agreements thereto and thereof) with a member of Borrower to provide wholesale electric service directly from Borrower's transmission system to any customer for which the member has an electric service contract with such customer.

"Environmental Laws" shall mean all applicable laws, rules and regulations promulgated by any Governmental Authority with which the Borrower is required to comply, regarding the use, treatment, discharge, storage, management, handling, manufacture, generation, processing, recycling, distribution, transport, release of or exposure to any Hazardous Material.

"Environmental Permits" shall mean permits or licenses issued by any Governmental Authority under applicable Environmental Laws.

"Equity Note" shall mean the promissory note, payable to the order of CFC, executed by the Borrower, dated as of even date herewith, pursuant to this Agreement as identified on Schedule 1 hereto, and shall include all substitute, amended or replacement promissory notes.

"Governmental Authority" shall mean the government of the United States of America, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hazardous Material" shall mean any (a) petroleum or petroleum products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, lead and radon gas, and (b) any other substance that is defined and regulated as hazardous or toxic or as a pollutant or contaminant in any applicable Environmental Law.

"Indenture" shall have the meaning as described in Schedule 1.

"Interest Charges" shall have the meaning set forth in the Indenture.

"Interest Rate Adder" shall mean an amount of additional interest, expressed in basis points, added to the then prevailing rate of interest on an outstanding Advance.

"Interest Rate Reset Date" shall mean, with respect to any Advance, the first day following the expiration of the CFC Fixed Rate Term for such Advance.

"Lien" shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code.

"Loan Documents" shall mean this Agreement, the Note, the Indenture and the Supplemental Indenture.

"Long-Term Debt" shall mean the aggregate principal amount of Outstanding Secured Obligations and Prior Lien Obligations of the Borrower computed pursuant to Accounting Requirements.

"Make-Whole Premium" shall mean, with respect to any Prepaid Principal Amount, an amount calculated as set forth below. The Make-Whole Premium represents CFC's reinvestment loss resulting from making a fixed rate loan.

(1) Compute the amount of interest ("**Loan Interest**") that would have been due on the Prepaid Principal Amount at the applicable CFC Fixed Rate for the period from the prepayment date through the end of the CFC Fixed Rate Term (such period is hereinafter referred to as the "**Remaining Term**"), calculated on the basis of a 30-day month/360-day year, adjusted to include any amortization of principal in accordance with the amortization schedule that would have been in effect for the Prepaid Principal Amount.

(2) Compute the amount of interest ("**Investment Interest**") that would be earned on the Prepaid Principal Amount (adjusted to include any applicable amortization) if invested in a United States Treasury Note with a term equivalent to the Remaining Term, calculated on the basis of a 30-day month/360-day year. The yield used to determine the amount of Investment Interest shall be based upon United States Treasury Note yields as reported no more than two Business Days prior to the prepayment date in Federal Reserve statistical release H.15 (519), under the caption "U.S. Government Securities/Treasury Constant Maturities". If there is no such United States Treasury Note under said caption with a term equivalent to the Remaining Term, then the yield

shall be determined by interpolating between the terms of whole years nearest to the Remaining Term.

(3) Subtract the amount of Investment Interest from the amount of Loan Interest. If the difference is zero or less, then the Make-Whole Premium is zero. If the difference is greater than zero, then the Make-Whole Premium is a sum equal to the present value of the difference, applying as the present value discount a rate equal to the yield utilized to determine Investment Interest.

"Margins for Interest" shall have the meaning set forth in the Indenture.

"Margins for Interest Ratio" means, for any period, (i) the sum of (a) Margins for Interest plus (b) Interest Charges, divided by (ii) Interest Charges.

"Material Adverse Effect" means an effect on the operations, business, assets, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower or its Subsidiaries, taken as a whole, the result of which would, or would reasonably be expected to, materially adversely affect (a) the ability of the Borrower to repay Advances or perform any of its other obligations under this Agreement, or (b) the validity or enforceability of this Agreement or the rights or benefits available to CFC under this Agreement or any of the other Loan Documents.

"Material Direct Serve Contracts" shall mean any Direct Serve Contract to (i) any smelter to which a member of the Borrower supplies power, and (ii) any customer with a contract load of 25 megawatts or greater.

"Maturity Date", with respect to the Note, shall mean the dates identified in the table in Item No. 5 of Schedule 1.

"Member Wholesale Power Contracts" shall mean the Borrower's power supply contracts with its members (together with material amendments and supplements thereto) and all successor or replacement contracts and agreements thereto or thereof, excluding the Direct Serve Contracts.

"Note" shall mean the Equity Note and/or the Refinance Note, as the context shall require.

"Payment Date" shall have the meaning set forth on Schedule 1.

"Payment Notice" shall mean a notice furnished by CFC to the Borrower that indicates the amount of each payment of interest or interest and principal and the total amount of each payment due under this Agreement and the Note.

"Prepaid Principal Amount" shall mean all or any part of the outstanding principal of an Advance with a CFC Fixed Rate paid prior to the expiration of the CFC Fixed Rate Term applicable thereto.

"Prepayment Fee" shall mean an amount equal to 0.33% of the Prepaid Principal Amount of any Advance.

"Refinance Note" shall mean the secured promissory note, payable to the order of CFC, executed by the Borrower, dated as of even date herewith, pursuant to this Agreement as identified on Schedule 1 hereto, and shall include all substitute, amended or replacement promissory notes.

"RUS" shall mean the Rural Utilities Service, an agency of the United States Department of Agriculture, or if at any time after the execution of this Agreement RUS is not existing and performing the duties of administering a program of rural electrification as currently assigned to it, then the Person performing such duties at such time.

"RUS Series A Note" shall mean that certain RUS 2009 Promissory Note Series A, dated July 16, 2009 made by the Borrower to the United States of America, in the original principal amount of \$602,573,536, maturing on July 1, 2021, and being identified as an RUS Obligation under the Indenture.

"Subsidiary" shall have the meaning set forth in the Indenture.

"Supplemental Indenture" shall mean that certain Third Supplemental Indenture between Borrower, as grantor, and U.S. Bank National Association, as trustee, dated as of _____, 2012.

"Treasury Note" shall mean a U.S. Dollar-denominated senior debt security of the United States of America issued by the U.S. Treasury Department and backed by the full faith and credit of the United States of America.

"Trust Estate" shall have the meaning set forth in the Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 Closing Date Representations and Warranties. The Borrower represents and warrants to CFC that as of the Closing Date:

A. Litigation. Except as disclosed on Schedule 2.01A, there are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its properties which, if adversely determined, either individually or collectively, would reasonably be expected to have a Material Adverse Effect. The Borrower is not, to its knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would reasonably be expected to have a Material Adverse Effect.

B. Financial Statements. The balance sheet of the Borrower as at the date identified in Schedule 1, the statement of operations of the Borrower for the period ending on said date, and the interim financial statements of the Borrower as at the date identified in Schedule 1, all heretofore furnished to CFC, fairly present, in all material respects, the financial condition of the Borrower as at said dates and fairly reflect its operations for the periods ending on said dates. There has been no change in the financial condition or operations of the Borrower from that set forth in said financial statements that would reasonably be expected to have a Material Adverse Effect.

C. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement listed on Schedule 2.01C (all such documents, certificates and financial statements to be taken as a whole) as of the date of delivery thereof, and in the light of the circumstances under which they were made, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not materially misleading, provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

D. Environmental Matters. Except as disclosed on Schedule 2.01D, and except as to matters which individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, (i) the Borrower is in substantial compliance with all applicable Environmental Laws (including, but not limited to, having any required Environmental Permits), (ii) to Borrower's knowledge, there have been no releases (other than releases remediated in substantial compliance with applicable Environmental Laws and air emissions) from any underground or aboveground storage tanks (or piping associated therewith) that are present on the Trust Estate, (iii) the Borrower has not received written notice or claim of any violation of any Environmental Law from a Governmental Authority and failed to take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written notice or claim, (iv) to the best of the Borrower's knowledge, there is no pending investigation of the Borrower in regard to any Environmental Law, and (v) to the best of the Borrower's knowledge, there has not been any unauthorized release (other than releases remediated in compliance with Environmental Laws) that has resulted in the presence of Hazardous Materials on property owned, leased or operated by the Borrower for which the Borrower could reasonably be held responsible for mitigation under any Environmental Law.

E. Good Standing. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business. The Borrower is a member in good standing of CFC.

F. Subsidiaries and Ownership. Schedule 1 hereto sets forth a complete and accurate list of the Subsidiaries of the Borrower showing the percentage of the Borrower's ownership of the outstanding stock, membership interests or partnership interests, as applicable, of each Subsidiary.

G. Authority; Validity. The Borrower has the power and authority to enter into this Agreement, the Note and the Supplemental Indenture; to make the borrowing hereunder; to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, in the Note and in the Indenture, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person, including, as applicable and without limitation, members of the Borrower, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

Each of this Agreement, the Note and the Supplemental Indenture is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency,

reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

H. No Conflicting Agreements. The execution and delivery of the Loan Documents and performance by the Borrower of the obligations hereunder and thereunder, and the transactions contemplated hereby or thereby, will not in any material respect: (i) violate any provision of law, any order, rule or regulation of any Governmental Authority, any award of any arbitrator, the articles of incorporation or by-laws of the Borrower, the Indenture or any material contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, the Indenture or any such contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated by the Indenture) upon any material assets of the Borrower; in each case where such violation or conflict of which would reasonably be expected to have a Material Adverse Effect.

I. Taxes. The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and local taxes, assessments, and governmental charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and governmental charges and levies have become due, except (i) for such taxes, assessments, and governmental charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside, if such reserves are required by Accounting Requirements, or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

J. Licenses and Permits. The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect, except for failures to obtain or hold such items as would not reasonably be expected to have a Material Adverse Effect.

K. Required Approvals. The Borrower has obtained all licenses, consents or approvals of all Governmental Authorities that the Borrower is required to obtain in order for the Borrower to enter into and perform under this Agreement, the Note and the Supplemental Indenture. Each such certificate, authorization, consent, permit, license and approval is in full force and effect.

L. Compliance with Laws. To the best of the Borrower's knowledge, the Borrower is in compliance with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority, except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect.

M. No Other Liens. As to the Trust Estate, the Borrower has not, without the prior written approval of CFC, executed or authenticated any security agreement or mortgage, or filed or authorized any financing statement to be filed, other than as provided for under the Indenture or as permitted by the Indenture, including Permitted Exceptions as permitted by the Indenture.

N. Borrower's Legal Status. Schedule 1 hereto accurately sets forth: (i) the Borrower's exact legal name, (ii) the Borrower's organizational type and jurisdiction of organization, (iii) the Borrower's organizational identification number or accurate statement that

the Borrower has none, and (iv) the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different.

O. Use of Proceeds. The Borrower will use the proceeds of the Notes solely for the purposes identified in Schedule 1 hereto.

P. Member Wholesale Power Contracts and Material Direct Serve Contracts. The Borrower has heretofore delivered to CFC complete and correct copies of the Member Wholesale Power Contracts and Material Direct Serve Contracts in effect on the date hereof. Identified on Schedule 2.01P are the Member Wholesale Power Contracts and the Material Direct Serve Contracts in effect as of the Closing Date. To the best of the Borrower's knowledge, after due inquiry, there is no condition or circumstance that would impair any member's ability to perform its obligations under any Member Wholesale Power Contract or Material Direct Serve Contract to which it is a party. The Member Wholesale Power Contracts and Direct Serve Contracts are legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with their respective terms.

ARTICLE III

REFINANCE LOAN

Section 3 Scope. The provisions of this Article III shall apply solely to the Refinance Note and the Advance thereunder.

Section 3.01 Advance. The amount of the Refinance Note shall be fully advanced on the Closing Date. No further Advances of the Refinance Note shall be available after the Closing Date.

Section 3.02 Interest Rate and Payment. The Refinance Note shall be payable and bear interest as follows:

A. Maturity; Amortization; Payments.

(i) Maturity Date. The Refinance Note shall have a Maturity Date that is not more than twenty (20) years from the date hereof, *provided, however*, that if such date is not a Payment Date, then the Maturity Date shall be the Payment Date immediately preceding such date.

(ii) Amortization. The principal amount of the Refinance Note shall amortize according to the amortization method set forth in item 5 on Schedule 1, *provided, however*, that the amortization period for the Refinance Note shall not extend beyond the applicable Maturity Date. The Borrower shall promptly pay interest and principal in the amounts shown in the Payment Notice. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees, if any, shall be due and payable on the Refinance Note Maturity Date.

(iii) Payments. The Borrower shall make each payment required to be made by it hereunder or under the Refinance Note (whether of principal, interest or fees, or otherwise) on the date when due, in immediately available funds, without set-off or counterclaim.

B. Application of Payments. Each payment shall be applied to the CFC Obligations, first to any fees, costs, expenses or charges other than interest or principal, second to interest accrued, and the balance to principal.

C. Selection of Interest Rate and Interest Rate Computation. Prior to the Advance on the Refinance Note, the Borrower must select in writing either a CFC Fixed Rate or the CFC Variable Rate, as follows:

(i) CFC Fixed Rate. If the Borrower selects a CFC Fixed Rate for the Advance, then such rate shall be in effect for the CFC Fixed Rate Term selected by the Borrower. On the Interest Rate Reset Date for such Advance, the Borrower may then select any available interest rate option for such Advance pursuant to CFC's policies of general application. The Advance shall bear interest according to the interest rate option so selected beginning on the Interest Rate Reset Date. If the Borrower does not select an interest rate in writing prior to the Interest Rate Reset Date, then beginning on the Interest Rate Reset Date the Advance shall bear interest at the CFC Variable Rate. The Borrower may not select a CFC Fixed Rate with a CFC Fixed Rate Term that extends beyond the applicable Maturity Date. Interest on amortizing Advances bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days, until the first day of the Billing Cycle in which the Amortization Basis Date occurs; interest shall then be computed on the basis of a 30-day month and 360-day year. Interest on non-amortizing Advances bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

(ii) CFC Variable Rate If the Borrower has selected the CFC Variable Rate for the Advance, then such CFC Variable Rate shall apply until the Maturity Date, unless the Borrower elects to convert to a CFC Fixed Rate pursuant to the terms hereof. Interest on Advances bearing interest at the CFC Variable Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

Section 3.03 Conversion of Interest Rates. The interest rate conversion options set forth in this Section 3.03 are available to the Advance on the Refinance Note.

A. CFC Variable Rate to a CFC Fixed Rate. The Borrower may at any time convert from the CFC Variable Rate to a CFC Fixed Rate by submitting to CFC a Conversion Request requesting that a CFC Fixed Rate apply to any outstanding Advance. The rate shall be equal to the rate of interest offered by CFC in effect on the date of the Conversion Request. The effective date of the new interest rate shall be a date determined by CFC for loans similarly classified pursuant to CFC's policies and procedures then in effect.

B. CFC Fixed Rate to CFC Variable Rate. The Borrower may at any time convert a CFC Fixed Rate to the CFC Variable Rate by: (i) submitting a Conversion Request requesting that the CFC Variable Rate apply to any outstanding Advance; and (ii) paying to CFC promptly upon receipt of an invoice any applicable conversion fee calculated for loans similarly classified pursuant to CFC's policies and procedures then in effect. The effective date of the CFC Variable Rate shall be a date determined by CFC pursuant to its policies of general application following receipt of the Conversion Request.

C. A CFC Fixed Rate to another CFC Fixed Rate. The Borrower may at any time convert from a CFC Fixed Rate to another CFC Fixed Rate if the Borrower: (i) submits a Conversion Request requesting that a CFC Fixed Rate apply to any Advance and (ii) pays to

CFC promptly upon receipt of an invoice any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans. The effective date of the new interest rate shall be a date determined by CFC pursuant to its policies of general application following receipt of the Conversion Request.

Section 3.04 Optional Prepayment. The Borrower may at any time, on not less than fifteen (15) days prior written notice to CFC, prepay the Advance, in whole or in part. In the event the Borrower prepays all or any part of the Advance (regardless of the source of such prepayment and whether voluntary, by acceleration or otherwise), the Borrower shall pay any Prepayment Fee and/or Make-Whole Premium as CFC may prescribe pursuant to the terms of this Section 3.04. All prepayments shall be accompanied by payment of accrued and unpaid interest on the amount of and to the date of the repayment. All prepayments shall be applied first to fees, second to the payment of accrued and unpaid interest, and then to the unpaid balance of the principal amount of the Advance.

If the Advance bears interest at the CFC Variable Rate, then the Borrower may on any Business Day prepay the Advance or any portion thereof, provided that the Borrower pays together therewith the Prepayment Fee. If the Advance bears interest at a CFC Fixed Rate, then the Borrower may prepay the Advance on (a) the Business Day before an Interest Rate Reset Date, provided that the Borrower pays together therewith the Prepayment Fee, or (b) any other Business Day, provided that the Borrower pays together therewith the Prepayment Fee and any applicable Make-Whole Premium.

ARTICLE IIIA

EQUITY LOAN

Section 3A. Scope. The provisions of this Article IIIA shall apply solely to the Equity Note and Advances thereunder.

Section 3A.01 Advance. On the Closing Date, Borrower will finance the purchase of Capital Certificates with the proceeds of the Equity Note. The amount of the Advance made on the Equity Note shall equal 14.29% of the Advance on the Refinance Note. The principal amount at any one time outstanding shall not exceed the portion of the CFC Commitment allocated to the Equity Note. The obligation of the Borrower to repay the Advance shall be evidenced by the Equity Note.

Section 3A.02 Term; Amortization. The Advance shall have a term concurrent with the corresponding Advance on the Refinance Note. The Advance shall amortize proportionally to the corresponding Advance on the Refinance Note.

Section 3A.03 Use of Proceeds. The Advance shall be made solely to purchase the Capital Certificates required under the terms of this Agreement.

Section 3A.04 Payment. On each Payment Date, the Borrower shall promptly pay interest and/or principal, as applicable, in the amounts then due. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees, if any, shall be due and payable on the Maturity Date.

Section 3A.05 Application of Payments. Each payment shall be applied first to any fees, costs, expenses or charges other than interest or principal, second to interest accrued, and the balance to principal.

Section 3A.06 Interest Rate. Each Advance shall bear interest at the CFC Fixed Rate for twenty (20) year loans, as in effect on the date of the Advance hereunder, which rate shall be fixed to the Maturity Date. Interest on the Advance bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days. No provision of this Agreement or of the Equity Note shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

Section 3A.07 Prepayment. The Borrower may at any time, on not less than fifteen (15) days' written notice to CFC, make a prepayment on the Equity Note, together with the interest accrued to the date of prepayment. No prepayment premium shall be charged.

Section 3A.08 Security. The Borrower agrees that CFC shall retain possession of the original equity term certificates (which may be in book entry form) as security against payment hereunder, and upon the occurrence of an Event of Default, may exercise setoff rights with respect thereto.

ARTICLE IIIB

GENERAL LOAN PROVISIONS

Section 3B.01 Mandatory Prepayment – Change in Structure. If the Borrower shall merge, consolidate or have all or substantially all of the assets of the Borrower acquired, then upon the effective date of such change, the Borrower shall prepay the outstanding principal balance of all CFC Obligations, together with any accrued but unpaid interest thereon, any unpaid costs or expenses provided for herein, the Prepayment Fee and a Make-Whole Premium, if any. Notwithstanding the foregoing, no prepayment shall be required under this Section 3.01.E if, after giving effect to such change, the Borrower, or its successor in interest, is engaged in the furnishing of electric utility services to its members and is organized as a cooperative, nonprofit corporation, public utility district, municipality, or other public governmental body and is, or becomes, a member of CFC.

Section 3B.02 Usury Savings Clause. No provision of this Agreement or of the Note shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

Section 3B.03 Default Rate. If the Borrower defaults on its obligation to make a payment due hereunder by the applicable Payment Date, and such default continues for thirty (30) days thereafter, then beginning on the thirty-first (31st) day after the Payment Date and for so long as such default continues, the interest rate on all Advances shall be the Default Rate.

Section 3B.04 Invoice. CFC will invoice the Borrower at least ten (10) days before each Payment Date, provided, however, that CFC's failure to send an invoice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein.

ARTICLE IV
CONDITIONS

Section 4.01 Conditions of Closing. This Agreement shall become effective only upon the satisfaction of the following conditions as of the Closing Date.

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be reasonably satisfactory to counsel for CFC and, as to all matters of local law, to such local counsel as counsel for CFC may retain. CFC's execution of this Agreement shall evidence satisfaction of this condition.

B. Documents. CFC shall have been furnished with (i) the executed Loan Documents, (ii) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC shall reasonably require, (iii) an opinion of counsel for the Borrower addressing such legal matters as CFC shall reasonably require, and (iv) all other such documents as CFC may reasonably request. CFC's execution of this Agreement shall evidence satisfaction of this condition.

C. Government Approvals. The Borrower shall have furnished to CFC true and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities (if any) that are necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations thereunder. No certificate, authorization, consent, permit, license or approval of any Governmental Authority that is required to enable the Borrower to (a) enter into the Loan Documents, (b) perform all of the obligations provided for in such documents, shall have been invalidated, rescinded, stayed or determined to be invalid in any material respect by any Governmental Authority.

D. Indenture; Supplemental Indenture; UCC Filings. The Indenture and the Supplemental Indenture shall have been duly filed, recorded or indexed in all jurisdictions necessary to provide the Trustee thereunder a perfected lien, subject to Permitted Exceptions, on all of the Trust Estate, all in accordance with applicable law, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC. Uniform Commercial Code financing statements (and any continuation statements and other amendments thereto that CFC shall require) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide the Trustee a perfected security interest, subject to Permitted Exceptions, in the Trust Estate which may be perfected by the filing of a financing statement, all in accordance with applicable law, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

E. Representations and Warranties. The representations and warranties of the Borrower set forth in Section 2.01 shall be true and correct.

F. Defaults. No event or condition has occurred that constitutes an Event of Default, or which upon notice hereunder, lapse of time hereunder or both would, unless cured or waived, become an Event of Default.

G. Material Adverse Effect. No event or condition has occurred that would result in a Material Adverse Effect.

H. Note Authentication. The Refinance Note shall have been duly authenticated by the Trustee as Obligations secured under the Indenture.

I. Member Wholesale Power Contract Amendments; Material Direct Serve Contracts. CFC shall have received true and correct copies of the Member Wholesale Power Contracts and Material Direct Serve Contracts listed on Schedule 2.01P, including any and all material amendments, supplements or modifications thereto, certified by a senior authorized representative of Borrower (e.g., president, vice-president, general manager, chief financial officer or persons that hold equivalent titles).

J. Additional Financing. Borrower shall provide evidence satisfactory to CFC that Borrower (i) has closed and received funds from a non-CFC secured financing in an amount of at least \$140,000,000 for purposes of refinancing the RUS Series A Note, or (ii) will close simultaneous herewith and obtain a same day (i.e., day of closing) funding from a non-CFC secured financing in an amount of at least \$140,000,000 for purposes of refinancing the RUS Series A Note.

K. Funding of Proceeds under Refinance Note and Equity Note. On the Closing Date, the proceeds of the Equity Note and Refinance Note shall be funded contemporaneously to Borrower.

L. Requisition for Advance. The Borrower will requisition the Advance under the Refinance Note by submitting its written requisition to CFC, in the form attached hereto as Exhibit A, and otherwise in form and substance satisfactory to CFC. The requisition for Advance on the Refinance Note shall be made only for the purposes set forth in Schedule 1 hereto.

M. Other Information. The Borrower shall have furnished such other information as CFC may reasonably require, including but not limited to (i) additional information regarding the use of the Advance, (ii) feasibility studies, cash flow projections, financial analyses and pro forma financial statements sufficient to demonstrate to CFC's reasonable satisfaction that after giving effect to the Advance requested, the Borrower shall continue to achieve the Margins for Interest Ratio set forth in Section 5.01.A herein, to meet all of its debt service obligations, and otherwise to perform and to comply with all other covenants and conditions set forth in this Agreement, and (iii) any other information as CFC may reasonably request.

N. CFC Expenses. The obligation of CFC to extend credit pursuant to the terms hereof is subject to the payment by the Borrower of the reasonable out-of-pocket fees and expenses incurred by CFC in connection with the (i) underwriting of the facilities described herein, and (ii) the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents (including, without limitation, any engineering and legal expenses associated with the loan facilities described herein).

ARTICLE V

COVENANTS

Section 5.01 Covenants. The Borrower covenants and agrees with CFC that after the Closing Date and until payment in full of the Notes and performance of all obligations of the Borrower hereunder:

A. Margins for Interest Ratio. The Borrower shall comply, in all respects, with the Margin for Interest Ratio covenant set forth in Section 13.14 of the Indenture.

B. Annual Certificates. Within one hundred twenty (120) days after the close of each fiscal year, commencing with the year in which this Agreement is effective, the Borrower will deliver to CFC a written statement, in form and substance satisfactory to CFC, either (a) signed by the Borrower's President and Chief Executive Officer (or equivalent chief executive officer) or (b) submitted electronically through means made available to the Borrower by CFC, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations in all material respects under this Agreement, the Notes and the Indenture throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

C. Financial Books; Financial Reports; Right of Inspection.

(i) Within one hundred twenty (120) days after the end of each fiscal year of the Borrower, the Borrower shall provide to CFC the audited consolidated balance sheets and related statements of operations, statement of equities and statement of cash flows of the Borrower and its Subsidiaries as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, reported on by independent public accountants (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with the Accounting Requirements.

(ii) Within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower, the Borrower shall provide to CFC the unaudited consolidated balance sheets and related statements of operations, and such other interim statements as may reasonably be requested, of the Borrower and its Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, as of the end of) the corresponding period or periods of the previous fiscal year, which shall present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with the Accounting Requirements, subject to changes resulting from audit and normal year-end audit adjustments.

(iii) Within one hundred twenty (120) days after the end of each the Borrower's fiscal years during the term hereof, the Borrower shall furnish to CFC a statement, setting forth in reasonable detail its calculation of its Margins for Interest Ratio for the prior fiscal year and two prior fiscal years, signed either by its President and Chief Executive Officer (or equivalent chief executive officer, its Vice President and Chief Financial Officer (or equivalent chief financial officer), or such other officer that reports directly or indirectly to its Vice President and Chief Financial Officer (or equivalent chief financial officer).

(iv) Within thirty (30) days after (a) the end of each the Borrower's fiscal years during the term hereof or (b) CFC's request, the Borrower shall furnish to CFC updated cash flow projections for the succeeding fiscal year, which projections shall be in form and substance reasonably satisfactory to CFC and certified by the Borrower's Vice President and Chief

Financial Officer (or equivalent chief financial officer) or another duly authorized executive officer of the Borrower.

(v) The Borrower shall provide, within fifteen (15) days after the same may come available, copies of the Borrower's budgets and financial plans approved by the Borrower's Board of Directors.

(vi) The Borrower will keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the Obligations and the plant, properties, business and affairs of the Borrower in accordance with Accounting Requirements. The Borrower will, upon reasonable written notice by CFC to the Borrower and at the expense of the Borrower, permit CFC, by its representatives, to inspect the plants and properties, books of account, records, reports and other papers of the Borrower, and to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and the Borrower will furnish to CFC any and all information as CFC may reasonably request, with respect to the performance by the Borrower of its covenants in this Agreement; provided, however, the Borrower shall not be required to make available any information supplied to it by a third party which is subject to a confidentiality agreement with such third party except to the extent allowed by, and subject to the terms of such confidentiality agreement.

D. Funds Requisition; Interest Rate Elections. The Borrower agrees (i) that CFC may rely conclusively upon the interest rate option, interest rate term and other written instructions submitted to CFC, and (ii) that such instructions shall constitute a covenant under this Agreement to repay the Advance in accordance with such instructions, the applicable Notes, the Indenture and this Agreement.

E. Compliance with Laws. The Borrower shall remain in compliance with all applicable requirements of law and applicable rules and regulations of each Governmental Authority, except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect or as provided in Section 5.01.H.

F. Taxes. The Borrower shall pay, or cause to be paid all taxes, assessments or governmental charges lawfully levied or imposed on or against it and its properties prior to the time they become delinquent, except (i) for such taxes, assessments, and governmental charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside, if such reserves are required by Accounting Requirements, or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

G. Further Assurances. The Borrower shall execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which CFC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Indenture. The Borrower also agrees to provide to CFC, from time to time upon request, evidence reasonably satisfactory to CFC as to the perfection and priority, or continued perfection and priority, of the Liens preserved, created or intended to be created by the Indenture.

H. Notices of Environmental Actions. If Borrower receives any written communication from a Governmental Authority alleging Borrower's material violation of any Environmental Law, then Borrower shall provide CFC with a copy thereof within thirty (30) days after receipt, and promptly take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written communication, except such notices of violations which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

I. Accounting Requirements. For purposes of determining any computation made under this Agreement, and notwithstanding Section 1.1D of the Indenture, the Borrower shall only apply those Accounting Requirements in use in the United States at the time of the determination of such computation.

J. Use of Proceeds; RUS. The Borrower shall use the proceeds of the Notes solely for the purposes identified in Schedule 1 hereto. With respect to the proceeds of the Refinance Note, the Borrower agrees that (i) upon receipt of the Advance of the amount evidenced by the Refinance Note, together with the proceeds received by Borrower from the non-CFC secured financing, as required pursuant to Section 4.01.J hereof, Borrower will immediately prepay a portion of the unpaid balance of the RUS Series A Note so as to reduce the remaining unpaid balance thereof to not more than \$85,000,000, and (ii) Borrower will not take any action to cause the remaining unpaid balance of the RUS Series A Note to exceed the amount of \$85,000,000. In furtherance of the foregoing, Borrower agrees to promptly cause a modification to the maximum principal balance schedule of the RUS Series A Note in order to reflect that the maximum principal balance set forth therein and/or available thereunder shall not exceed \$85,000,000. Borrower agrees to provide evidence of such modification to CFC promptly after finalization of same.

K. Capital Certificates. In accordance with CFC's policies of general application, Borrower agrees that CFC may at all times retain Capital Certificates purchased by Borrower in an amount equal to 12.5% of the aggregate outstanding balance of the Refinance Note and the Equity Note.

L. Default Notices. The Borrower shall provide CFC any notice delivered by the Borrower to the Trustee pursuant to Section 13.12 of the Indenture promptly after delivering such notice to the Trustee.

M. Notice; Member Wholesale Power Contracts and Direct Serve Contracts. The Borrower will furnish to CFC prompt written notice of the following:

(i) any permitted termination of, modification to or supplement to a Member Wholesale Power Contract that will result in a material change thereto;

(ii) any (a) permanent shutdown or material curtailment of the operations of any Borrower member retail customer for which wholesale service is provided under a Direct Serve Contract, (b) material modification to a Direct Serve Contract, and (c) termination of any Direct Serve Contract.

N. Compliance with Indenture Covenants. Borrower shall comply with all the covenants identified in Article XI and Article XIII of the Indenture.

O. New Member Wholesale Power Contract; New Material Direct Serve Contracts. Borrower shall provide CFC with copies of any new Member Wholesale Power Contract and new Material Direct Serve Contracts (together with material amendments or supplements thereto and all successor or replacement contracts and agreements thereto and thereof) entered into after the Closing Date.

Section 5.02 Negative Covenants. The Borrower covenants and agrees with CFC that until payment in full of the Notes and performance of all obligations of the Borrower hereunder, the Borrower will not, directly or indirectly, without CFC's prior written consent, cause any violations of the following covenants:

A. Limitations on Liens. The Borrower will not create or incur or suffer or permit to be created or incurred or to exist any mortgage, lien, charge or encumbrance on or pledge of any of the Trust Estate prior to or upon a parity with the lien of the Indenture except for Permitted Exceptions and those exceptions set forth in Section 13.6 A. and 13.6 B. of the Indenture.

B. Limitations on Mergers. The Borrower shall not consolidate with or merge into any other Person or convey or transfer the Trust Estate substantially as an entirety to any Person, except as may be permitted pursuant to the terms and provisions of Section 11.1 of the Indenture.

C. No Change in Fiscal Year. The Borrower will not change its fiscal year from the fiscal year existing on the Closing Date without the prior written consent of CFC, not to be unreasonably withheld.

D. Member Wholesale Power Contracts. The Borrower will not, and will not consent to, the termination of any one or more Member Wholesale Power Contracts that, individually or in the aggregate, represent 20% or more of the Borrower's revenue base (other than at the end of the contract term or a voluntary termination provided by the contract terms).

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 Events of Default. The following shall be Events of Default under this Agreement:

A. Payment. The Borrower shall fail to pay any amount due under the terms of a Note or this Agreement within five (5) Business Days of when the same is due and payable, whether by acceleration or otherwise;

B. Financial Reports. The Borrower shall fail to provide the financial reports required by Section 5.01.C within the time period specified therein;

C. Margins for Interest Ratio. The Borrower shall fail to comply with Section 13.14 of the Indenture;

D. Representations and Warranties. Any representation or warranty made by the Borrower herein shall prove to be false or misleading in any material respect at the time made if

such false or misleading representation or warranty is, in CFC's reasonable judgment, one that a prudent lender would consider material to its decision to extend credit;

E. Other Covenants. (i) Default by the Borrower in the observance or performance of the covenant contained in Section 5.01.J of this Agreement, or (ii) default by the Borrower in the observance or performance of any other covenant contained in this Agreement, other than those identified in Section 5.02, which shall continue for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by CFC; *provided, however, that if the default cannot be cured within such thirty (30) day period despite the Borrower's good faith and diligent efforts to do so, the cure period shall be extended as is reasonably necessary beyond such thirty (30) day period (but in no event longer than sixty (60) days) if remedial action likely to result in a cure is promptly instituted within such thirty (30) day period and is thereafter diligently pursued until the default is corrected;*

F. Corporate Existence. The Borrower shall forfeit or otherwise be deprived of its corporate charter, franchises, permits, easements, consents or licenses required to carry on any material portion of its business;

G. Negative Covenants. The Borrower shall fail to comply with the Section 5.02 of this Agreement; or

H. Indenture Obligations. An "Event of Default," as defined in the Indenture, shall have occurred and be continuing, *provided such "Event of Default" has not been waived or cured as provided for under the terms of the Indenture.*

ARTICLE VII

REMEDIES

Section 7.01 General Remedies. If any of the Events of Default listed in Article VI hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace periods specified therein (if any), then CFC may:

- (i) exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by CFC or owed to the Borrower or for the credit or account of the Borrower against any and all of the CFC Obligations of the Borrower now or hereafter existing hereunder or under the Notes, including, but not limited to, patronage capital allocations and retirements, money due to the Borrower from Capital Certificates, and any membership or other fees that would otherwise be returned to the Borrower. The rights of CFC under this Section 7.01 are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (ii) pursue all rights and remedies available to CFC that are contemplated by the Indenture in the manner, upon the conditions, and with the effect provided in the Indenture, including, but not limited to, a suit for specific performance, injunctive relief or damages; and
- (iii) pursue any other rights and remedies available to CFC at law or in equity.

Section 7.02 Interest Rate Adder. In addition to the remedies set forth in Section 7.01, upon the occurrence of an Event of Default, an Interest Rate Adder of two hundred (200) basis points shall be imposed on the outstanding principal amount of all Advances until such Event of Default is cured. The effective date of an Interest Rate Adder imposed or eliminated pursuant to this Section 7.02 shall be the first (1st) day of month following the occurrence of the Event of Default or the cure thereof, as applicable.

Section 7.03 Concurrent Remedies. Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (i) when personally delivered including, without limitation, by overnight mail or courier service, (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (iii) in the case of notice by telecopy, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (i) or (ii) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

National Rural Utilities Cooperative Finance Corporation
20701 Cooperative Way
Dulles, Virginia 20166
Attention: General Counsel
Fax # 866-230-5635

The Borrower:

The address set forth in
Schedule 1

Section 8.02 Expenses. The Borrower shall reimburse CFC for any reasonable costs and out-of-pocket expenses paid or incurred by CFC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions CFC takes, (a) to enforce the payment of any CFC Obligation, to effect collection of any Trust Estate, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and foreclose on the Lien of the Indenture on any of the Trust Estate, whether through judicial proceedings or otherwise, (c) to restructure any CFC Obligation, (d) to review, approve or grant any consents or waivers hereunder, (e) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (f) to prepare, negotiate, execute, deliver, review, amend or

modify any other agreements, documents and instruments deemed necessary or appropriate by CFC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be payable upon demand, and if not paid, shall accrue interest at the then prevailing CFC Variable Rate, plus 200 basis points.

Section 8.03 Late Payments. If payment of any amount due hereunder is not received at CFC's office in Dulles, Virginia, or such other location as CFC may designate to the Borrower within five (5) Business Days after the due date thereof, the Borrower will pay to CFC, in addition to all other amounts due under the terms of the Loan Documents, any late-payment charge as may be fixed by CFC from time to time pursuant to its policies of general application as in effect from time to time.

Section 8.04. Non-Business Day Payments. If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

Section 8.05 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Supplemental Indenture and UCC Financing Statements, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration or recordation of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this Section shall survive the execution and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

Section 8.06 Waiver; Modification. No failure on the part of CFC to exercise, and no delay in exercising, any right or power hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise by CFC of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement, the Notes or the other Loan Documents (except as otherwise provided in the Indenture) and no consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

SECTION 8.07 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(B) THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT

SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND CFC EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 8.08 INDEMNIFICATION. THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC AND ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM ANY CLAIM OR DEMAND IN RESPECT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE TRUST ESTATE, OR THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS IN FULL, EXCEPTING ANY SUCH MATTERS ARISING FROM, AND TO THE EXTENT OF, THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CFC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.10, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE NOTES, THE TERMINATION OF THIS AGREEMENT AND THE TERMINATION OR RELEASE OF THE LIEN OF THE INDENTURE.

Section 8.09 Complete Agreement. This Agreement, together with the schedules to this Agreement, the Notes and the other Loan Documents, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. In the event of any conflict in the terms and provisions of this Agreement and any other Loan Documents (other than the Indenture), the terms and provisions of this Agreement shall control.

Section 8.10 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to CFC of the Loan Documents and the making of the Advances and shall continue in full force and effect until all of the CFC Obligations have been paid in full. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement are personal to CFC and shall not inure to the benefit of the successors and assigns of CFC. The Borrower shall not have the right to assign its rights or obligations under this Agreement without the prior written consent of CFC.

Section 8.11 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.12 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 8.13 Severability. If any term, provision or condition, or any part thereof, of this Agreement, the Notes or the other Loan Documents shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, the Notes and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 8.14 Binding Effect. This Agreement shall become effective when it shall have been executed by both the Borrower and CFC and thereafter shall be binding upon and inure to the benefit of the Borrower and CFC and their respective successors and assigns as provided in Section 8.10.

Section 8.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

Section 8.16 Schedules; Exhibits. All Schedules and Exhibits are integral parts of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and effective as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name: _____
Title: _____

**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION**

By: _____
Dan Lyzinski
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

SCHEDULE 1

1. The purpose of the Refinance Note is to partially refinance certain RUS indebtedness evidenced by that certain RUS Series A Note secured under the Indenture. The purpose of the Equity Note is to fund the purchase of Capital Certificates, and the proceeds thereof shall be used solely for such purpose.
2. The aggregate CFC Commitment is \$345,155,800.00, *provided, however,* that \$302,000,000 shall be available on the Refinance Note, and \$43,155,800.00 shall be available on the Equity Note.
3. The Indenture referred to in Section 1.01 is that certain Indenture between Big Rivers Electric Corporation, as grantor, and U.S. Bank National Association, as trustee, date as of July 1, 2009, as supplemented, amended, consolidated, or restated from time to time.
4. The Closing Date referred to in Section 1.01 is _____, 2012.
5. The Notes executed pursuant hereto and the amortization method for such Notes are as follows:

NOTE	LOAN NUMBER	AMOUNT	MATURITY DATE	AMORTIZATION METHOD
REFINANCE NOTE	KY062-A-9003	\$302,000,000.00	Twenty (20) Years from the Closing Date	Level Debt Service
EQUITY NOTE	KY062-A-9004	\$43,155,800.00	Twenty (20) Years from the Closing Date	Level Debt Service

6. The Payment Date referred to in Section 1.01 is the last day of each of February, May, August and November, provided that if such last day is not a Business Day, the first Business Day thereafter.
7. The date of the interim financial statements referred to in Section 2.01B is January 31, 2012.
8. The Subsidiaries of the Borrower referred to in Section 2.01.F are: N/A.
9. The date of the Borrower's balance sheet referred to in Section 2.01.B is December 31, 2010.
10. The Borrower's exact legal name is: Big Rivers Electric Corporation.
11. The Borrower's organizational type is: Cooperative Corporation.
12. The Borrower is organized under the laws of the state/commonwealth of: Kentucky.
13. The Borrower's organizational identification number is: 0004242.

14. The place of business or, if more than one, the chief executive office of the Borrower referred to in Section 2.01.N is 201 Third Street, Henderson, KY 42420.
15. The address for notices to the Borrower referred to in Section 8.01 is P.O. Box 24 Henderson, KY 42419-0024, Attention: President and Chief Executive Officer with a copy to: Chief Financial Officer, Fax: 270-827-2558; with a copy to: James M. Miller, Esq., Sullivan, Mountjoy, Stainback & Miller, P.S.C., 100 St. Ann Building, Owensboro, KY 42303.

Schedule 2.01A

LITIGATION

[See attached]

BIG RIVERS ELECTRIC CORPORATION
LITIGATION SCHEDULE
(as of March 12, 2012)

1. *Eminent Domain Litigation.*

Big Rivers is the plaintiff in several eminent domain proceedings that have been filed to acquire easements for transmission line rights-of-way.

2. *Jane Eckert, on her own behalf and on behalf of the Estate of Robert Eckert, Deceased vs. Alcoa, Inc., Big Rivers Electric Corporation, BMW Constructors, Inc., Bristol-Myers Squibb Company, General Electric Company, Industrial Contractors, Inc., Triangle Enterprises, Inc.*, Marion County Superior Court, Civil Division Room No. 2, Cause No. 49D02-9801-MI-0001-359.

This action arises from the 2007 death of a worker, Robert Eckert, from asbestos-related disease diagnosed in 1995. The suit was filed July 2, 2007, in Marion County, Illinois. Big Rivers' liability carrier, Zurich, is defending this action with a reservation of rights.

3. *Harlen Kennedy, Jr. and Brenda Kennedy, his wife, v. Big Rivers Electric Corporation, et al.*, 3rd Judicial Circuit, Madison County, Illinois, Case No. 11-L-727.

This action was filed by the plaintiffs in 2011 alleging that Harlen Kennedy, Jr. developed lung cancer from exposure to asbestos while working for a contractor at a Big Rivers facility. Big Rivers' liability carrier, Zurich, is defending this action with a reservation of rights.

4. *Pat Maple, as Representative of the Heirs and Estate of Durwood Maple, Deceased v. Big Rivers Electric Corporation, et al.*, In the Circuit Court of St. Clair County, Illinois, Twentieth Judicial Circuit No. 11-L-59.

This action was filed by the plaintiff in 2011 alleging that Durwood Maple developed and died from lung cancer that resulted from exposure to asbestos while working for a contractor at a Big Rivers facility. Big Rivers' liability carrier, Zurich, is defending this action with a reservation of rights.

5. *Big Rivers Electric Corporation v. City of Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light*, Henderson Circuit Court Civil Action No. 09-CI-00693; *City of*

Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light v. Big Rivers Electric Corporation, Kentucky Court of Appeals No. 2010-CA-000120-MR; *In the Matter of Arbitration Between: Big Rivers Electric Corporation v. City of Henderson, Kentucky and City of Henderson Utility Commission dba Henderson Municipal Power and Light*, American Arbitration Association, Case No. 52-198-000173-10.

Big Rivers filed suit in Henderson, Kentucky, Circuit Court on July 31, 2009, requesting an order referring to arbitration a dispute with the City of Henderson, Kentucky and City of Henderson Utility Commission (collectively, “HMP&L”). The dispute is over the rights of the parties respecting “Excess Henderson Energy,” as that term is defined in the contracts by which Big Rivers operates HMP&L’s Station Two and receives a portion of the generation output of Station Two. The order of the Henderson Circuit Court directing arbitration has been appealed to the Kentucky Court of Appeals. The contractual dispute is now pending before the American Arbitration Association.

6. *John Yates v. Inland Waters Pollution Control Services LLC d/b/a Inland Industrial Services Group, LLC, Inland Industrial Services Group LLC, DeBusk Industrial Services Company (a/k/a DISC), E.ON U.S. Services, Inc., LG&E and KU Services Company, f/k/a E.ON Services, Inc., Big Rivers Electric Corporation, Western Kentucky Energy Corp., Inland Waters of Ohio, Inc., James D. Price, Jr., and Joshua McCarty*, Ohio Circuit Court, Case No. 10-CI-00523.

John Yates, a resident of Texas and an employee of Titan Contracting and Leasing Company, Inc., filed suit in Ohio Circuit Court on October 1, 2010, against Big Rivers and several other entities regarding injuries he received while performing work at the Big Rivers Wilson Station on October 7, 2009. Co-defendants’ insurance carrier, Chartis, has agreed to defend the action and indemnify Big Rivers in this matter.

7. *The City of Henderson Utility Commission v. Michael C. Donta, Executive Director of the Department of Workplace Standards, Big Rivers Electric Corporation, et al*, Henderson Circuit Court, Civil Action No. 10-CI-898.

The Kentucky Labor Cabinet served a Notice of Violation on Henderson Municipal Power & Light (“HMP&L”) on April 27, 2010, alleging that HMP&L had violated prevailing wage laws by failing to stipulate in bid proposals that prevailing hourly rate of wages must be paid to all laborers, workmen, and mechanics performing work on the Station Two spring 2010 scheduled outage. This is a

declaratory judgment action, which asks the Court to decide whether the value of the individual projects related to the outage work on a generating station must be combined for purposes of determining coverage under prevailing wage laws in Kentucky. Big Rivers was joined as a party interested in the outcome because of its operating and power purchase agreements with HMP&L.

8. ***Notice and Application of Big Rivers Electric Corporation for a General Adjustment in Rates***, PSC Case No. 2011-00036; ***Big Rivers Electric Corporation v. Public Service Commission, et al.***, Franklin Circuit Court Civil Action No. 11-CI-1757; ***Kentucky Industrial Utility Customers, Inc. v. Public Service Commission, et al.***, Franklin Circuit Court Civil Action No. 11-CI-1700; ***Kentucky Industrial Utility Customers, Inc. v. Public Service Commission Chairman David Armstrong and Vice Chairman James Gardner, et al.***, Franklin Circuit Court Civil Action No. 12-CI-0037.

These proceedings all relate to Big Rivers' notice and application for a general adjustment in rates that was filed with the Kentucky Public Service Commission ("*Commission*") on March 1, 2011 (the "*Rate Case*"). On November 17, 2011, the Commission entered an order (the "*Order*") granting a portion of Big Rivers' requested rate relief.

Kentucky Industrial Utility Customers, Inc. ("*KIUC*"), an intervening party in the Rate Case, filed an appeal from the Order on December 1, 2011. That appeal was docketed in Franklin Circuit Court in Case No. 11-CI-1700.

On December 6, 2011, Big Rivers filed with the Commission a petition for rehearing of the Order. On December 8, 2011, the Commission granted Big Rivers' petition for rehearing. That rehearing is pending.

On December 15, 2011, in light of questions raised about the jurisdiction of the Commission to grant a rehearing, Big Rivers filed a separate complaint in the Franklin Circuit Court as a protective appeal from the Order. That appeal was docketed in Franklin Circuit Court in Case No. 11-CI-1757.

On January 10, 2012, KIUC filed an action seeking a writ of mandamus directing the Chairman and Vice Chairman of the Commission to dismiss Big Rivers' rehearing petition and to vacate the Rehearing Order. That case was docketed in Franklin Circuit Court in Case No. 12-CI-0037.

By order dated March 8, 2012, the Franklin Circuit Court consolidated, dismissed and remanded to the Commission all three cases pending in that court. No appeals have yet been filed from this order.

9. Other Pending Disputes with Henderson Municipal Power & Light.

Big Rivers has two other pending disputes related to the Henderson Municipal Power & Light Station Two contracts. The first involves the refusal of HMP&L to pay any of the expenses billed to Big Rivers by Midwest ISO that are related to the Station Two generation and the HMP&L load. Second, Big Rivers has contested the reasonableness of the HMP&L annual capacity share reservations for certain future periods. No litigation has yet been initiated with respect to these disputes.

10. SERC Investigation

Big Rivers is currently the subject of a non-public investigation initiated in February 2009 by SERC Reliability Corporation (“*SERC*”), one of the North America Electric Reliability Corporation’s (“*NERC’s*”) regional entities with responsibility for enforcing mandatory reliability standards. The staff from NERC and the Federal Energy Regulatory Commission also participated in the investigation. In June 2011, SERC initiated a formal assessment to determine Big Rivers’ compliance relative to eight Reliability Standards Requirements as a result of findings of possible violations by the investigation team. The assessment is still ongoing.

11. Secretary of the Labor Cabinet Commonwealth of Kentucky v. Big Rivers Electric Corporation, KOSHRC Docket No. 4833-11, Administrative Action No. 11-KOSH-0290.

This complaint was filed by the plaintiff in 2011, subsequent to Big Rivers having contested a citation issued by KOSHA. The administrative hearing officer has granted extensions requested by KOSHA counsel to allow time for settlement negotiations, which have yet to take place. The penalties assessed with the citation total \$7,500.

Schedule 2.01C

DISCLOSURE

[To be prepared by Borrower]

Schedule 2.01D

ENVIRONMENTAL MATERS

[To be prepared by Borrower]

Schedule 2.01P

MEMBER WHOLESALE POWER CONTRACTS
AND
MATERIAL DIRECT SERVE CONTRACTS

[To be prepared by Borrower]

EXHIBIT B

THIRD SUPPLEMENTAL INDENTURE
(to that certain Indenture dated as of July 1, 2009)
dated as of [____], 2012

Relating to the Big Rivers Electric Corporation
First Mortgage Notes, Series 2012B
Authorized by this Third Supplemental Indenture

BIG RIVERS ELECTRIC CORPORATION

to

**U.S. BANK NATIONAL ASSOCIATION,
TRUSTEE**

FIRST MORTGAGE OBLIGATIONS

- THIS INSTRUMENT IS A MORTGAGE.
- THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
- BIG RIVERS ELECTRIC CORPORATION IS A TRANSMITTING UTILITY.
- THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, AFTER-ACQUIRED PROPERTY, FIXTURES AND PROCEEDS.
- FUTURE ADVANCES AND FUTURE OBLIGATIONS ARE SECURED BY THIS INSTRUMENT.
- THE MAXIMUM ADDITIONAL INDEBTEDNESS WHICH MAY BE SECURED HEREUNDER IS \$[3,000,000,000].
- THE TYPES OF PROPERTY COVERED BY THIS INSTRUMENT ARE DESCRIBED ON PAGES 2 THROUGH 3.
- THE ADDRESSES AND THE SIGNATURES OF THE PARTIES TO THIS INSTRUMENT ARE STATED ON PAGES 1, S-1 AND S-2.

THIS INDENTURE WAS PREPARED BY JAMES M. MILLER OF SULLIVAN, MOUNTJOY, STAINBACK & MILLER, P.S.C., 100 ST. ANN BUILDING, OWENSBORO, KENTUCKY 42303, ATTORNEY FOR BIG RIVERS ELECTRIC CORPORATION.

Signed: _____

THIS THIRD SUPPLEMENTAL INDENTURE, dated as of [____], 2012 (this "Third Supplemental Indenture"), is between **BIG RIVERS ELECTRIC CORPORATION**, a cooperative corporation organized under the laws of the Commonwealth of Kentucky, as Grantor (hereinafter called the "Company"), whose post office address is 201 Third Street, Henderson, Kentucky 42420, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as trustee (in such capacity, the "Trustee"), whose post office address is 225 Asylum Street, Hartford, Connecticut 06103;

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of July 1, 2009 (the "Original Indenture", as heretofore, hereby and hereafter supplemented being sometimes referred to as the "Indenture"), for the purpose of securing its Existing Obligations and providing for the authentication and delivery of Additional Obligations (capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Original Indenture) by the Trustee from time to time under the Original Indenture, which is filed of record as shown on Exhibit A hereto;

WHEREAS, in connection herewith, the Company will enter into a Loan Agreement, dated as of [____], 2012 (the "Loan Agreement"), with National Rural Utilities Cooperative Finance Corporation ("CFC"), pursuant to which CFC has agreed to loan the Company \$345,155,800 and, in connection therewith, the Company will secure certain of its obligations under the Loan Agreement under this Third Supplemental Indenture; and

WHEREAS, the Company desires to execute and deliver this Third Supplemental Indenture, in accordance with the provisions of the Original Indenture, for the purpose of providing for the creation and designation of the First Mortgage Notes, Series 2012B, in the principal amount of \$[302,000,000] (the "First Mortgage Notes, Series 2012B") as an Additional Obligation and specifying the form and provisions of the First Mortgage Notes, Series 2012B; and

WHEREAS, Section 12.1 of the Original Indenture provides that, without the consent of the Holders of any of the Obligations at the time Outstanding, the Company, when authorized by a Board Resolution, and the Trustee, may enter into Supplemental Indentures for the purposes and subject to the conditions set forth in said Section 12.1; and

WHEREAS, all acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to secure the payment of the principal of and interest on the First Mortgage Notes, Series 2012B, to make the First Mortgage Notes, Series 2012B issued hereunder, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligation of the Company, and to constitute the Indenture a valid and binding lien for the security of the First Mortgage Notes, Series 2012B, in accordance with its terms, have been done and taken; and the execution and delivery of this Third Supplemental Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSES, that, to secure the payment of the principal of (and premium, if any) and interest on the Outstanding Secured Obligations, including, when issued, the First Mortgage Notes, Series 2012B, to confirm the lien of the Indenture upon the Trust Estate, including property purchased, constructed or otherwise acquired by the Company since the date of execution of the Original Indenture, to secure performance of the covenants therein and herein contained, to declare the terms and conditions on which the First Mortgage Notes, Series 2012B are secured, and in consideration of the premises thereof and hereof, the Company by these presents does grant, bargain, sell, alienate, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to (and does create a security interest in favor of) the Trustee, in trust with power of sale, all property, rights, privileges and franchises of the Company (except any Excepted Property) of the character described in the Granting Clauses of the Original Indenture, including all such property, rights, privileges and franchises acquired since the date of execution of the Original Indenture subject to all exceptions, reservations and matters of the character therein referred to, and subject in all cases to Sections 5.2 and 11.2 B of the Original Indenture and to the rights of the Company under the Original Indenture, including the rights set forth in Article V thereof; but expressly excepting and excluding from the lien and operation of the Indenture all properties of the character specifically excepted as "Excepted Property" in the Original Indenture to the extent contemplated thereby.

PROVIDED, HOWEVER, that if, upon the occurrence of an Event of Default under the Indenture, the Trustee, or any separate trustee or co-trustee appointed under Section 9.14 of the Original Indenture or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Trust Estate, all the Excepted Property described or referred to in Paragraphs A through H, inclusive, of "Excepted Property" in the Original Indenture then owned or thereafter acquired by the Company, shall immediately, and, in the case of any Excepted Property described or referred to in Paragraphs I, J and L of "Excepted Property" in the Original Indenture, upon demand of the Trustee or such other trustee or receiver, become subject to the lien of the Indenture to the extent permitted by law, and the Trustee or such other trustee or receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and whenever all Events of Default shall have been cured and the possession of all or substantially all of the Trust Estate shall have been restored to the Company, such Excepted Property shall again be excepted and excluded from the lien of the Indenture to the extent and otherwise as hereinabove set forth and as set forth in the Indenture.

The Company may, however, pursuant to the Granting Clause Third of the Original Indenture, subject to the lien of the Indenture any Excepted Property, whereupon the same shall cease to be Excepted Property.

TO HAVE AND TO HOLD all such property, rights, privileges and franchises hereby and hereafter (by Supplemental Indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed (or in which a security interest is granted)

as aforesaid, together with all the tenements, hereditaments and appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated in the Original Indenture not to be deemed part of the Trust Estate) being part of the Trust Estate), unto the Trustee, and its successors and assigns in the trust herein created, forever.

SUBJECT, HOWEVER, to (i) Permitted Exceptions and (ii) to the extent permitted by Section 13.6 of the Original Indenture as to property hereafter acquired (a) any duly recorded or perfected Prior Lien that may exist thereon at the date of the acquisition thereof by the Company and (b) purchase money mortgages, other purchase money liens, chattel mortgages, conditional sales agreements or other title retention agreements created by the Company at the time of acquisition thereof.

BUT IN TRUST, NEVERTHELESS, with power of sale, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Secured Obligations without any priority of any Outstanding Secured Obligation over any other Outstanding Secured Obligation and for the enforcement of the payment of Outstanding Secured Obligations in accordance with their terms.

UPON CONDITION that, until the happening of an Event of Default under the Indenture and subject to the provisions of Article V of the Original Indenture, and not in limitation of the rights elsewhere provided in the Original Indenture, including the rights set forth in Article V of the Original Indenture, the Company shall have the right to (i) possess, use, manage, operate and enjoy the Trust Estate (other than cash and securities constituting part of the Trust Estate that are deposited with the Trustee), (ii) explore for, gather, cut, mine and produce crops, timber, coal, ore, gas, oil, minerals or other natural resources and products, and to use, consume and dispose of any thereof, and (iii) collect, receive, use, make payments from, transfer, invest, otherwise utilize or employ amounts constituting or derived from the rents, issues, tolls, earnings, profits, revenues, products and proceeds from the Trust Estate or the operation of the property constituting part of the Trust Estate.

Should the indebtedness secured by the Indenture be paid according to the tenor and effect thereof when the same shall become due and payable and should the Company perform all covenants therein and herein contained in a timely manner, then the Indenture shall be canceled and surrendered.

AND IT IS HEREBY COVENANTED AND DECLARED that the First Mortgage Notes, Series 2012B are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the covenants, conditions and trusts set forth herein and in the Original Indenture, and the Company does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Obligations, as follows:

ARTICLE I

THE FIRST MORTGAGE NOTES, SERIES 2012B AND CERTAIN PROVISIONS RELATING THERETO

SECTION 1.01. Definitions.

All words and phrases defined in Article I of the Original Indenture shall have the same meaning in this Third Supplemental Indenture, including any exhibit hereto, except as otherwise appears herein or unless the context clearly requires otherwise.

SECTION 1.02. Authorization and Terms of the First Mortgage Notes, Series 2012B.

There shall be established a series of Additional Obligations known as and entitled the "First Mortgage Notes, Series 2012B" (hereinafter referred to as the "First Mortgage Notes, Series 2012B"), the form, terms and conditions of which shall be substantially as set forth in Sections 1.02-1.05 hereof. The First Mortgage Notes, Series 2012B are the same Notes described and defined in the Loan Agreement as the "Refinance Note." The aggregate principal face amount of the First Mortgage Notes, Series 2012B which shall be authenticated and delivered and Outstanding at any one time is limited to \$[302,000,000].

The First Mortgage Notes, Series 2012B shall be dated [____], 2012 and shall mature on [____, ____]. The First Mortgage Notes, Series 2012B shall bear interest and interest shall be payable as provided in Section 3.02 of the Loan Agreement. Interest shall accrue at a rate calculated pursuant to Section 3.02C and Section 3.03 of the Loan Agreement. The First Mortgage Notes, Series 2012B shall amortize as set forth in Section 3.02A of the Loan Agreement. Payments of principal of and interest on the First Mortgage Notes, Series 2012B shall be made on the last day of each of February, May, August and November, provided that if such last day is not a Business Day, the first Business Day thereafter. For purposes of such payments, the term Business Day is defined in the Loan Agreement as any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business. In addition, upon the occurrence of an Event of Default (as defined in the Loan Agreement) under the Loan Agreement, an Interest Rate Adder (as defined in the Loan Agreement) of two hundred (200) basis points shall be imposed in the manner set forth in Section 7.02 of the Loan Agreement. The principal of, and the fees and interest on, the First Mortgage Notes, Series 2012B shall be paid to the Person in whose name that Obligation (or one or more Predecessor Obligations) is registered at the close of business on the 15th day (whether or not a Business Day) of the calendar month immediately preceding an interest payment (the "Record Date") applicable to such Payment Date (as defined in the Loan Agreement). Interest on the First Mortgage Notes, Series 2012B shall be computed for the actual number of days the loan is outstanding on a basis determined pursuant to Section 3.02C and Section 3.03 of the Loan Agreement.

The Company will act as the Paying Agent for the First Mortgage Notes, Series 2012B.

The First Mortgage Notes, Series 2012B shall be issued as fully registered notes without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The First Mortgage Notes, Series 2012B shall be registered in the name of CFC at 20701 Cooperative Way, Dulles, Virginia 20166 in certificated form.

SECTION 1.03. Mandatory Principal Repayment

(a) The First Mortgage Notes, Series 2012B shall be subject to mandatory prepayment pursuant to Section 3B.01 of the Loan Agreement.

(b) The First Mortgage Notes, Series 2012B that the Company acquires and surrenders (other than by means of mandatory prepayments as provided herein) will be credited against future mandatory prepayments for such First Mortgage Notes, Series 2012B and the principal payment to be made on the maturity date of such First Mortgage Notes, Series 2012B, in proportion to the respective amounts of those mandatory prepayments, subject to authorized denominations.

SECTION 1.04. Optional Prepayment

The Company may at any time, on not less than fifteen (15) days prior written notice to CFC, prepay the First Mortgage Notes, Series 2012B, in whole or in part, on or prior to their stated maturity only to the extent permitted by Section 3.04 of the Loan Agreement and for the amount, together with a prepayment premium, as provided in Section 3.04 of the Loan Agreement.

SECTION 1.05. Form of the First Mortgage Notes, Series 2012B.

The First Mortgage Notes, Series 2012B and the Trustee's authentication certificate to be executed on the First Mortgage Notes, Series 2012B shall be substantially in the form of Exhibit B attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted in the Original Indenture.

ARTICLE II

MISCELLANEOUS

SECTION 2.01. Supplemental Indenture.

This Third Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Original Indenture, and shall form a part thereof, and the Original Indenture, as hereby supplemented, is hereby confirmed. Except to the extent inconsistent with the express terms of this Third Supplemental Indenture and the Loan Agreement, all of the provisions, terms, covenants and conditions of the Original

Indenture shall be applicable to the First Mortgage Notes, Series 2012B to the same extent as if specifically set forth herein.

SECTION 2.02. Recitals.

All recitals in this Third Supplemental Indenture are made by the Company only and not by the Trustee; and all of the provisions contained in the Original Indenture, in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect hereof as fully and with like effect as if set forth herein in full. The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Third Supplemental Indenture or the First Mortgage Notes, Series 2012B (other than its certificate of authentication); it shall not be accountable for the Company's use of the proceeds from the First Mortgage Notes, Series 2012B; and it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee. The Trustee is not a party to the Loan Agreement, and it will not be responsible for or charged with knowledge of any terms of the Loan Agreement.

SECTION 2.03. Successors and Assigns.

Whenever in this Third Supplemental Indenture any of the parties hereto is named or referred to, this shall, subject to the provisions of Articles IX and XI of the Original Indenture, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this Third Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustee shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

SECTION 2.04. No Rights, Remedies, Etc.

Nothing in this Third Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the Holders of the Outstanding Secured Obligations, any right, remedy or claim under or by reason of this Third Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Third Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the Holders of Outstanding Secured Obligations.

SECTION 2.05. Counterparts.

This Third Supplemental Indenture may be executed in several counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Company and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 2.06. Security Agreement; Mailing Address.

To the extent permitted by applicable law, this Third Supplemental Indenture shall be deemed to be a security agreement and financing statement whereby the Company grants to the Trustee a security interest in all of the Trust Estate that is personal property or fixtures under the Uniform Commercial Code.

The mailing address of the Company, as debtor is:

Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420

and the mailing address of the Trustee, as secured party is:

U.S. Bank National Association
Corporate Trust Services
P.O. Box 960778
Boston, Massachusetts 02102

Additionally, this Third Supplemental Indenture shall, if appropriate, be an amendment to the financing documents originally filed in connection with the Original Indenture. The Company is authorized to execute and file as appropriate instruments under the *Uniform Commercial Code* to either create a security interest or amend any security interest heretofore created; *provided* that the Trustee has no obligation to prepare or make any such filings.

[Signatures on Next Page.]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first above written.

Company:

BIG RIVERS ELECTRIC CORPORATION

By: _____

Name: Mark A. Bailey
Title: President and Chief Executive Officer

(SEAL)

Attest: _____

Name:

Title:

COMMONWEALTH OF KENTUCKY)

) ss

COUNTY OF HENDERSON)

THE FOREGOING instrument was acknowledged before me this ____ day of _____, 2012, by Mark A. Bailey, President and Chief Executive Officer of Big Rivers Electric Corporation, a Kentucky corporation, for and on behalf of said corporation.

WITNESS my hand and official seal.

Notary Public's Signature
Notary Public – Kentucky, State at Large
My commission expires: _____

(Notarial Seal)

[Signatures continue on following page]

EXHIBIT A

[Filing and recording information for the Original Indenture on a county by county basis]

EXHIBIT B

THIS SERIES 2012B FIRST MORTGAGE NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY BE RESOLD ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE SECURITIES ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE, EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH AN EXEMPTION IS REQUIRED BY LAW.

CFC Loan No. [_____]

\$302,000,000

BIG RIVERS ELECTRIC CORPORATION FIRST MORTGAGE NOTES, SERIES 2012B

ISSUANCE DATE: [____], 2012

BIG RIVERS ELECTRIC CORPORATION, a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky (the "Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (the "Payee"), at its office in Dulles, Virginia or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of THREE HUNDRED AND TWO MILLION AND 00/100 DOLLARS (\$302,000,000.00), or such lesser sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Loan Agreement dated as of even date herewith between the Borrower and the Payee, as it may be amended from time to time (herein called the "Loan Agreement"), and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rate and in amounts and payable on the dates provided in the Loan Agreement together with any other amount payable under the Loan Agreement. If not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable on the Maturity Date (as defined in the Loan Agreement); *provided, however*, that if such date is not a Payment Date (as defined in the Loan Agreement), then the Maturity Date shall be the Payment Date immediately preceding such date.

This Note is secured under the Indenture dated as of July 1, 2009, made by the Borrower to U.S. Bank National Association, as Trustee thereunder, as it has been or shall hereafter be supplemented, amended, consolidated or restated from time to time ("Indenture"). This Note is one of the Notes referred to in, and

has been executed and delivered pursuant to, the Loan Agreement, and constitutes an "Obligation" under the Indenture. This Note is equally and ratably secured, to the extent provided in the Indenture, by the Trust Estate, except and excluding the Excepted Property.

This Note is a registered Obligation and, as provided in the Indenture, upon surrender of this Note for registration of transfer, accompanied by a written instrument of transfer duly executed, by the registered Holder hereof or such Holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The principal hereof and accrued interest thereon may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Indenture, and with respect to any other amount due under the Loan Agreement, as provided in the Indenture or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and attested to by duly authorized officers of the Borrower.

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

Name: Mark A. Bailey
Title: President and Chief Executive Officer

Attest:

Name:
Title:

**[TRUSTEE'S CERTIFICATE OF AUTHENTICATION APPEARS ON
FOLLOWING PAGE]**

This Note is one of the "Obligations" referred to in the Indenture, dated as of July 1, 2009, between Big Rivers Electric Corporation, as Grantor, and U.S. Bank National Association, as Trustee.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

Date of Authentication: _____

FORM OF TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned registered Noteholder hereby sell(s) assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

(Please print or typewrite name and address including zip code of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing

attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____
(Signature of Transferor)

NOTE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or enlargement or any change whatsoever.

NOTE: The signature must be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to S.E.C. Rule 17Ad-15.

CFC hereby authorizes the Trustee as Obligation Registrar for the First Mortgage Notes, Series 2012B to transfer this Note under the Indenture pursuant to the instructions, above.

National Rural Utilities Cooperative Finance Corporation

By: _____
Name: _____
Title: _____

EXHIBIT C

PROMISSORY NOTE

\$43,155,800.00

dated as of _____

BIG RIVERS ELECTRIC CORPORATION, a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky (the "Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of **NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION** (the "Payee"), at its office in Dulles, Virginia or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of **FORTY THREE MILLION ONE HUNDRED FIFTY-FIVE THOUSAND EIGHT HUNDRED AND NO/100 DOLLARS (\$43,155,800.00)**, or such lesser sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Loan Agreement dated as of even date herewith between the Borrower and the Payee, as it may be amended from time to time (herein called the "Loan Agreement"), and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rate and in amounts and payable on the dates provided in the Loan Agreement together with any other amount payable under the Loan Agreement. If not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable on the Maturity Date (as defined in the Loan Agreement); *provided, however*, that if such date is not a Payment Date (as defined in the Loan Agreement), then the Maturity Date shall be the Payment Date immediately preceding such date.

This Note is one of the Notes referred to in, and has been executed and delivered pursuant to, the Loan Agreement.

The principal hereof and interest accrued thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: _____

Title: _____

Attest: _____
Secretary

Loan No. KY062-A-9004