M 2700.3 R451b/B 2008 c.3

NTRY ONLY **RATINGS: See "RATINGS" herein**

Bond Counsel, on October 6, 2005, the date of the original issuance of the Series 2005A Bonds, delivered its opinion with respect to the federal and State of Oklahoma income tax status of interest on the 2005A Bonds. Hawkins Delafield & Wood LLP is expected to deliver its opinion on the Mode Change Date that the change in Mode from the Auction Rate Mode to the Daily Mode will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the 2005A Bonds. No opinion will be expressed regarding other federal tax consequences with respect to the 2005A Bonds. See "TAX MATTERS" herein.

$54,900,000
OKLAHOMA MUNICIPAL POWER AUTHORITY
Power Supply System Revenue Refunding Bonds, Series 2005A

Original Issue Date: October 6, 2005
Mode Change Date: November 21, 2008
Mode: Daily Mode
Initial Interest Payment Date: December 1, 2008
Offering Price: 100%
CUSIP: 67910H-LH1

The CUSIP number has been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and is included solely for the convenience of the Owners of the 2005A Bonds. Neither the Authority nor the Remarketing Agent shall be responsible for the selection or correctness of the CUSIP number set forth above.

The above-described series of bonds (the "2005A Bonds") of the Oklahoma Municipal Power Authority (the "Authority") was issued in the original principal amount of $62,400,000 on October 6, 2005, pursuant to the Act, as defined herein, and the Authority's Power Supply System Revenue Bond Resolution adopted on June 10, 1985, as supplemented and amended through and including the Eighteenth Supplemental Power Supply System Revenue Bond Resolution adopted on September 8, 2005, for the purpose of refunding certain prior bonds of the Authority. The 2005A Bonds were issued initially in the Auction Rate Mode and are being remarketed in the Daily Mode on the Mode Change Date.

Effective on the Mode Change Date, interest on the 2005A Bonds in the Daily Mode will be determined by the Remarketing Agent in the manner described herein on each Rate Determination Date (each Business Day) for each Interest Period and will be payable on the first Business Day of each calendar month, commencing December 1, 2008. Upon the Mode Change Date, the 2005A Bonds will be issued only as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. Purchases of beneficial ownership interests in the 2005A Bonds will be made in book entry form only, in denominations of $100,000 and integral multiples of $5,000 in excess thereof. Beneficial owners of the 2005A Bonds will not receive physical delivery of certificates evidencing their ownership interest in the 2005A Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the 2005A Bonds. So long as DTC or its nominee is the registered owner of the 2005A Bonds, payments of the principal of and interest on the 2005A Bonds will be made by Bank of Oklahoma, N.A., Oklahoma City, Oklahoma, Trustee and Paying Agent, directly to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants.

From and after the Mode Change Date, the 2005A Bonds will be subject to optional and sinking fund redemption and optional and mandatory tender for purchase, all as described herein. Bank of Oklahoma, N.A., Oklahoma City, Oklahoma, Trustee and Paying Agent, also has been appointed to serve as Tender Agent for the 2005A Bonds.

On the Mode Change Date, Bank of America, N.A., will provide an irrevocable direct pay letter of credit (the "Letter of Credit") securing the payment of the principal and Purchase Price of and interest on the 2005A Bonds in the Daily Mode. Such Letter of Credit constitutes both a "Credit Facility" and a "Liquidity Facility" as such terms are defined in the Eighteenth Supplemental Resolution. Such Letter of Credit will expire on November 19, 2009, but is subject to extension and earlier termination in certain circumstances as described herein.

The 2005A Bonds constitute special obligations of the Authority, and the principal thereof and interest thereon are payable solely from and secured by the revenues of the Authority derived from the ownership and operation of its power supply system and other moneys and securities pledged under the Resolution, subject to prior payment therefrom of operating expenses.

Neither the State of Oklahoma nor any political subdivision thereof (other than the Authority) nor any Participating Trust shall be obligated to pay the principal of or interest on the 2005A Bonds and neither the faith and credit nor the taxing power of the State of Oklahoma or any political subdivision thereof or any Participating Trust is pledged to the payment of the principal of or interest on the 2005A Bonds. The Authority has no taxing power.

It is expected that the 2005A Bonds in the Daily Mode will be available on November 21, 2008, through the facilities of DTC.

Wachovia Bank, National Association
Remarketing Agent

This Remarketing Memorandum is dated November 12, 2008

[This Page Intentionally Left Blank]

OKLAHOMA MUNICIPAL POWER AUTHORITY

2701 West Interstate 35 Frontage Road
Edmond, Oklahoma 73013
(405) 340-5047

Board of Directors

Charles Lamb ..... Chair
Buddy Veltema ..... Vice Chair
Robert Johnston ..... Secretary
Sara "Sally" Norris ..... Treasurer
Walter Allen ..... Director
Kathy Grim. ..... Director
E. J. "Gene" Hahn. ..... Director
Chuck Hall ..... Director
Michael R. Nettles ..... Director
Gary Martin ..... Director
Clyde Shaw ..... Director
James C. Joseph, Ex Officio ..... Director

Participating Trusts

Altus Municipal Authority ("Altus")
Blackwell Municipal Authority ("Blackwell")
Comanche Public Works Authority ("Comanche")
Copan Public Works Authority ("Copan")
The Duncan Utilities Authority ("Duncan")
Edmond Public Works Authority ("Edmond")
The Eldorado Public Works Authority ("Eldorado")
Fairview Utilities Authority ("Fairview")
The Frederick Public Works Authority ("Frederick")
Goltry Public Works Authority ("Goltry")
Granite Public Works Authority ("Granite")
Hominy Public Works Authority ("Hominy")
Kingfisher Public Works Authority ("Kingfisher")
The Laverne Public Works Authority ("Laverne")
Lexington Public Works Authority ("Lexington")
Mangum Utilities Authority ("Mangum")
Manitou Public Works Authority ('Manitou")
Marlow Municipal Authority ("Marlow")
The Newkirk Municipal Authority ("Newkirk")
Okeene Public Works Authority ("Okeene")
The Olustee Public Works Authority ("Olustee")
Pawhuska Public Works Authority ("Pawhuska")
Perry Municipal Authority ("Perry")
Ponca City Utility Authority ("Ponca City")
Pond Creek Public Works Authority ("Pond Creek")
The Prague Public Works Authority ("Prague")
Purcell Public Works Authority ("Purcell")
The Ryan Utilities Authority ("Ryan")
The Spiro Municipal Improvement Authority ("Spiro")
The Tecumseh Utility Authority ("Tecumseh")
Tonkawa Municipal Authority ("Tonkawa")
Walters Public Works Authority ("Walters")
Waynoka Utilities Authority ("Waynoka")
Wetumka Municipal Authority ("Wetumka")
The Wynnewood City Utilities Authority ("Wynnewood")
Yale Water and Sewer Trust ("Yale")

No dealer, broker, salesperson or other person has been authorized by the Authority or the Remarketing Agent to give any information or to make any representation in connection with the offering of the 2005A Bonds, other than the information and representations contained in this Remarketing Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Authority or the Remarketing Agent. This Remarketing Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the 2005A Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Remarketing Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information contained herein since the date hereof. The information set forth herein concerning the Participating Trusts and their municipal beneficiaries and certain electric utilities with whom the Authority has contracted, and The Depository Trust Company and its book-entry system, has been obtained by the Authority from sources believed by the Authority to be reliable. The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Memorandum. The Remarketing Agent has reviewed the information in this Remarketing Memorandum in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information and this Remarketing Memorandum is not to be construed as the promise or guarantee of the Remarketing Agent. This Remarketing Memorandum does not constitute a contract between the Authority or the Remarketing Agent and any one or more of the purchasers or registered owners of the 2005A Bonds.

This Remarketing Memorandum contains statements that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Remarketing Memorandum, the words "estimate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

THE 2005A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE 2005A BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE 2005A BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS REMARKETING MEMORANDUM.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE REMARKETING MEMORANDUM, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

TABLE OF CONTENTS

PAGE

INTRODUCTION 1
DESCRIPTION OF THE 2005A BONDS 2
- Certain Definitions Relating to the Daily Rate Bonds 3
- General 6
- Securities Depository 6
- Denominations; Medium, Method and Place of Payment of Principal and Interest 7
- The Remarketing Agent 7
- Interest 7

REDEMPTION OF 2005A BONDS 8
- Optional Redemption 8
- Sinking Fund Redemption 9
- Redemption in Part 9
- Notice of Redemption 9

TENDER FOR PURCHASE OF 2005A BONDS 10
- Optional Tender 10
- Mandatory Purchase on Any Mode Change Date 10
- Mandatory Purchase Upon Expiration Date, Termination Date and Substitution Date 10
- Notice of Mandatory Tender for Purchase 11
- Remarketing of 2005A Bonds; Notices 12
- Special Considerations Relating to the 2005A Bonds 12
- Source of Funds for Purchase of Daily Rate Bonds 14
- Delivery of 2005A Bonds 14
- Delivery and Payment for Purchased 2005A Bonds; Undelivered 2005A Bonds 14

BOOK-ENTRY SYSTEM 15
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 17
- The Pledge and Security Interest Under the Resolution 17
- Debt Service Reserve Account 18
- Power Sales Contracts 18
- Rate Covenant and Coverage Under the Resolution 20
- Additional Bonds; Conditions to Issuance 20

THE INITIAL CREDIT AND LIQUIDITY FACILITY 21
THE INITIAL CREDIT AND LIQUIDITY FACILITY PROVIDER 23
2005A SWAP AGREEMENT 24
INDEPENDENT AUDITORS 25
REMARKETING AGENT 25
LITIGATION 25
TAX MATTERS 25
- Opinion of Bond Counsel Expected to be Delivered on the Mode Change Date 25
- Opinion of Bond Counsel Delivered on the Original Issue Date 26
- Certain Ongoing Federal Tax Requirements and Covenants 26
- Certain Collateral Federal Tax Consequences 27
- Information Reporting and Backup Withholding 27
- Miscellaneous 27

RATINGS 28
UNDERTAKING TO PROVIDE ONGOING DISCLOSURE 28
AVAILABLE INFORMATION 28

APPENDIX A	CERTAIN INFORMATION RELATING TO THE AUTHORITY, THE POWER SUPPLY PROGRAM AND THE PARTICIPATING TRUSTS
APPENDIX B	AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY
APPENDIX C	INFORMATION CONCERNING CERTAIN CO-OWNERS
APPENDIX D	SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACTS
APPENDIX E	SUMMARY OF CERTAIN PROVISIONS OF THE OKLAUNION AGREEMENT, THE DOLET HILLS AGREEMENT, THE PIRKEY AGREEMENT, THE MCCLAIN AGREEMENT, THE REDBUD AGREEMENT AND THE UNIT POWER AGREEMENT
APPENDIX F	SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION
APPENDIX G	FORM OF CONTINUING DISCLOSURE UNDERTAKING

[This Page Intentionally Left Blank]

REMARKETING MEMORANDUM

$54,900,000
Oklahoma Municipal Power Authority
Power Supply System Revenue Refunding Bonds, Series 2005A

Original Issue Date: October 6, 2005
Mode Change Date: November 21, 2008
Mode: Daily Mode

INTRODUCTION

This Remarketing Memorandum, which includes the cover page hereof and the Appendices hereto, sets forth certain information concerning the remarketing by the Oklahoma Municipal Power Authority (the "Authority") of $54,900,000 in aggregate outstanding principal amount of its Power Supply System Revenue Refunding Bonds, Series 2005A (the "2005A Bonds") in connection with the change in Mode from the Auction Rate Mode to the Daily Mode. Capitalized terms not otherwise defined in this Remarketing Memorandum have the meanings set forth in Appendix F.

The 2005A Bonds were issued on October 6, 2005, in the original aggregate principal amount of $62,400,000 pursuant to the Oklahoma Municipal Power Authority Act, 11 O.S. 2001, §§ 24-101 *et seq.*, as amended from time to time (the "Act"), and the Authority's Power Supply System Revenue Bond Resolution adopted on June 10, 1985 (the "General Bond Resolution"), as supplemented and amended through and including the Eighteenth Supplemental Power Supply System Revenue Bond Resolution adopted on September 8, 2005, as amended (the "Eighteenth Supplemental Resolution"). This Remarketing Memorandum refers to such General Bond Resolution, as supplemented and amended to the date hereof, as the "Resolution."

The 2005A Bonds were issued initially in the Auction Rate Mode. As a result of recent market disruptions beyond the control of the Authority and the Remarketing Agent that have affected the short-term municipal market, the 2005A Bonds in the Auction Rate Mode have experienced "failed auctions" beginning February 14, 2008. However, the maximum auction rate provisions with respect to the 2005A Bonds resulted in no significant increases in interest rates thereon until the June 26, 2008, reset at 4.966% following the rating agency downgrades of the insurer of the 2005A Bonds. The interest rate on the 2005A Bonds most recently was reset at 3.536% on November 6, 2008. Although such increase in interest rates to date has not materially adversely affected the financial position of the Authority, the Authority is taking measures to prevent or minimize adverse financial impacts that could arise by reason of continued market disruptions by changing the Mode on the 2005A Bonds. On April 16, 2008, the Authority changed the Mode on its Series 2001B Bonds and Series 2003A Bonds, also issued initially in the Auction Rate Mode, from the Auction Rate Mode to the Term Rate Mode. Upon the successful remarketing of the 2005A Bonds to a Daily Mode on the Mode Change Date, the Authority will have no other bonds outstanding under the Resolution remaining in the Auction Rate Mode.

The 2005A Bonds when issued initially in the Auction Rate Mode were insured by MBIA Insurance Corporation pursuant to a financial guaranty insurance policy but the Authority expects to enter into an agreement with MBIA Insurance Corporation on the Mode Change Date to effect the cancellation of such policy on the Mode Change Date. Accordingly, upon the change in Mode on the Mode Change Date, such policy will no longer be in effect.

Other series of such Power Supply System Revenue Bonds have been, and in the future may be, issued by the Authority and secured on a parity with the 2005A Bonds under the Resolution (collectively with the 2005A Bonds, the "Bonds"). As described more fully under "OUTSTANDING BONDS AND

OTHER INDEBTEDNESS—Outstanding Parity Bonds" in Appendix A hereto, ten series of the Bonds (Series 1992B, Series 1994A, Series 1994B, Series 2001A, Series 2001B, Series 2003A, Series 2003B, Series 2005A, Series 2007A and Series 2008A) are Outstanding, as such term is defined in the Resolution, as of the date hereof in the aggregate principal amount of $593,145,000 of which $590,545,000 will remain Outstanding on the Mode Change Date. The Resolution permits, upon compliance with certain conditions, the issuance of additional bonds ("Additional Bonds") for the purpose of financing costs incurred or to be incurred by the Authority in connection with its power supply system and the refunding of its Bonds. The Authority currently anticipates issuing Additional Bonds as described under "OUTSTANDING BONDS AND OTHER INDEBTEDNESS—Anticipated Additional Parity Bonds" in Appendix A hereto.

The Authority was created by the Oklahoma Legislature in 1981 as a body politic and corporate for the purpose of providing adequate, reliable and economic sources of electric power and energy to Oklahoma municipalities and public trusts operating municipal electric systems. Under the Act, the Authority is a governmental agency of the State of Oklahoma and a body politic and corporate with the powers, in addition to other powers, to (1) acquire, construct and operate generation and transmission facilities, (2) purchase, sell, exchange and transmit electric energy within and without the State of Oklahoma and (3) issue its obligations, including the Bonds, to carry out any of its corporate purposes and powers. The Act prohibits the Authority from participating in any nuclear powered generating plant. The Act authorizes the Authority to exercise the power of eminent domain in the acquisition of certain property. Property of the Authority is exempt from Oklahoma property taxes. The Authority does not have any taxing power. See "THE AUTHORITY" in Appendix A hereto.

The Authority and the 36 public trusts located in the State of Oklahoma listed on the inside cover of this Remarketing Memorandum (collectively, the "Participating Trusts"), have entered into individual power sales contracts (collectively, the "Power Sales Contracts"). Purcell Public Works Authority, the Authority's newest Participating Trust, began receiving power on September 1, 2008. See Appendix D hereto. Each Participating Trust operates a municipal electric system which has been leased by a municipal beneficiary to the Participating Trust pursuant to a lease which has a term no less than the primary term of the Power Sales Contract. See "THE PARTICIPATING TRUSTS" in Appendix A hereto.

To meet its power supply responsibilities, the Authority has several power supply and transmission resources described under "THE POWER SUPPLY PROGRAM" in Appendix A hereto consisting generally of plant ownership positions, transmission agreements and long-term purchase agreements (referred to collectively herein as the "Power Supply Program").

The Authority's plant ownership positions, transmission arrangements and power purchase and supply arrangements are described under "THE POWER SUPPLY PROGRAM" in Appendix A hereto.

For a discussion of certain recent developments affecting the Authority, including a discussion of the potential impacts of the Oklahoma Electric Restructuring Act of 1997, see "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY" in Appendix A hereto.

DESCRIPTION OF THE 2005A BONDS

This Remarketing Memorandum, in general, describes the 2005A Bonds only during the Daily Mode and in that Mode the 2005A Bonds are sometimes referred to herein as Daily Rate Bonds. In the event that there is a subsequent Mode Change Date, the 2005A Bonds will be subject to mandatory tender for purchase on such date at the Purchase Price equal to the principal amount thereof.

Certain Definitions Relating to the Daily Rate Bonds.

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

"*Auction Rate Mode*" means the mode during which the interest rate is determined by auction in accordance with the Eighteenth Supplemental Resolution.

"*BMA Index*" means the Bond Market Association (now Securities Industry and Financial Markets Association, "SIFMA") Municipal Swap Index as of the most recent date for which such Index was published or such other weekly highgrade index comprised of seven-day, tax-exempt variable rate demand notes as may be produced by Municipal Market Data, or its successor, or as otherwise designated by the Bond Market Association.

"*Business Day*" means a day other than (i) a Saturday and Sunday or (ii) a day on which the Trustee, the Tender Agent, the Remarketing Agent (if any), the Credit Facility Issuer or banks and trust companies in New York, New York, are authorized or required to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

"*Certificate of Determination*" means a certificate or certificates of an Authorized Officer of the Authority delivered pursuant to the Eighteenth Supplemental Resolution, setting forth certain terms and provisions of the 2005A Bonds, as such certificate(s) may be amended and supplemented.

"*Closing Date*" means the date on which the 2005A Bonds are first issued in the Daily Mode.

"*Commercial Paper Mode*" means the mode during which the duration of the interest periods and the interest rates may vary and are determined in accordance with the Eighteenth Supplemental Resolution.

"*Credit Amount*" means an amount equal to the principal amount of the 2005A Bonds then Outstanding plus an interest amount equal to 50 days interest thereon calculated at the Maximum Rate or a lesser rate specified in the applicable Certificate of Determination on the basis of a 365 day year for the actual number of days elapsed.

"*Credit Facility*" means any initial letter of credit, standby bond purchase agreement, line of credit, surety bond, or any agreement relating to the reimbursement thereof, which may be obtained by the Authority pursuant to the Eighteenth Supplemental Resolution and is issued by a financial, insurance or other institution and which provides for the payment of principal of and interest on 2005A Bonds, and after the expiration or termination of any such initial Credit Facility shall mean an alternate Credit Facility that may be obtained by the Authority pursuant to Section 601 hereof.

"*Credit Facility Issuer*" means the issuer of a Credit Facility (initially, Bank of America, N.A.).

"*Current Mode*" means, at any time, the Mode prevailing at such time.

"*Daily Mode*" means the mode during which 2005A Bonds bear interest at a daily interest rate.

"*Daily Rate*" means an interest rate determined on each Business Day pursuant to the Eighteenth Supplemental Resolution.

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

"*Electronic Means*" means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication. Each transmission by Electronic Means other than by telecopy or facsimile transmission shall, unless otherwise specifically provided herein, be confirmed by a written notice or by telecopy or facsimile transmission.

"*Expiration Date*" means the scheduled expiration date of a Liquidity Facility or a Credit Facility or such scheduled expiration date as it may be extended from time to time as provided therein or the date on which the Liquidity Facility or a Credit Facility shall terminate pursuant to an election to terminate by the Authority; provided, however, that the "Expiration Date" shall not mean any date upon which a Liquidity Facility or a Credit Facility is no longer effective by reason of its Termination Date, or the expiration of such Liquidity Facility or such Credit Facility by reason of the obtaining of an alternate Liquidity Facility or an alternate Credit Facility, as applicable.

"*Expiration Tender Date*" means the second Business Day preceding the Expiration Date of a Liquidity Facility or Credit Facility.

"*Favorable Opinion of Bond Counsel*" means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel to the effect that such action is permitted under the Act, the General Bond Resolution and the Eighteenth Supplemental Resolution and that such action will not impair the exclusion of interest on the 2005A Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Series 2005A Bonds).

"*Fixed Rate Mode*" means the period during which Series 2005A Bonds bear interest at a fixed rate to the Maturity Date.

"*Interest Payment Date*" means the first Business Day of each calendar month, upon which date interest is payable on the 2005A Bonds.

"*Interest Period*" means the period of time that any interest rate remains in effect, which period, with respect to 2005A Bonds in the Daily Mode, shall be the periods from and including a Business Day (initially, the Mode Change Date) to and excluding the next Business Day.

"*Liquidity Amount*" an amount equal to the principal amount of the 2005A Bonds then Outstanding plus an interest amount equal to 50 days interest thereon calculated at the Maximum Rate or a lesser rate specified in the applicable Certificate of Determination on the basis of a 365 day year for the actual number of days elapsed.

"*Liquidity Facility*" means any initial letter of credit, standby bond purchase agreement, line of credit, surety bond, or any agreement relating to the reimbursement thereof, which may be obtained by the Authority pursuant to the Eighteenth Supplemental Resolution and is issued by a financial, insurance or other institution and which provides for the payment of the Purchase Price of the 2005A Bonds, and after the expiration or termination of any such initial Liquidity Facility shall mean an alternate Liquidity Facility that may be obtained by the Authority pursuant to the Eighteenth Supplemental Resolution.

"*Liquidity Facility Issuer*" means the issuer of a Liquidity Facility (initially, Bank of America, N.A.).

"*Mandatory Purchase Date*" means (i) any Mode Change Date, (ii) the Substitution Date, (iii) the Expiration Tender Date and (iv) the Termination Tender Date.

"*Maturity Date*" means January 1, 2023.

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

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

"*Mode Change Date*" means the date one Mode terminates and another Mode begins.

"*New Mode*" means a Mode to which the 2005A Bonds are changed from the Current Mode.

"*Notice Parties*" means the Authority, the Trustee, the Remarketing Agent, the Tender Agent, the Credit Facility Issuer and the Liquidity Facility Issuer.

"*Outstanding*" when used with reference to 2005A Bonds means, as of any date of calculation, 2005A Bonds theretofore or thereafter authenticated and delivered under the Resolution except (i) 2005A Bonds no longer deemed to be Outstanding (as such term is defined in the General Bond Resolution) and (ii) 2005A Bonds tendered or deemed tendered in accordance with the provisions of the Eighteenth Supplemental Resolution on the applicable Purchase Date, if the Purchase Price thereof shall have been paid or amounts are available and set aside for such payment as provided in the Eighteenth Supplemental Resolution, except to the extent such 2005A Bonds thereafter may be resold pursuant to the terms of such 2005A Bonds.

"*Purchase Date*" means any Business Day upon which any 2005A Bond is tendered or deemed tendered for purchase pursuant to the Eighteenth Supplemental Resolution.

"*Purchase Fund*" means the fund established by a Certificate of Determination pursuant to the Eighteenth Supplemental Resolution.

"*Purchase Price*" means an amount equal to the principal amount of any 2005A Bonds plus accrued interest, if any.

"*Rate Determination Date*" means any date on which the interest rate on any 2005A Bonds is required to be determined, being each Business day for 2005A Bonds in the Daily Mode.

"*Redemption Date*" means the date fixed for redemption of 2005A Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

"*Remarketing Agent*" means the remarketing agent at the time serving as such for the 2005A Bonds pursuant to a resolution of the Authority.

"*Remarketing Agreement*" means the remarketing agreement entered into by and between the Authority and the Remarketing Agent with respect to the 2005A Bonds.

"*Substitution Date*" means the date on which an alternate Liquidity Facility is to be substituted for a then-existing Liquidity Facility, or an alternate Credit Facility is to be substituted for a then-existing Credit Facility, in effect pursuant to the Eighteenth Supplemental Resolution.

"*Tender Agent*" shall mean the tender agent appointed for the 2005A Bonds (initially, Bank of Oklahoma, N.A.) by resolution of the Authority.

"*Term Rate Mode*" means the mode during which 2005A Bonds bear interest at a Term Rate.

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

"*Termination Tender Date*" means the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of a Liquidity Facility or Credit Facility.

"*Weekly Mode*" means a period of time during which 2005A Bonds bear interest at a Weekly Rate.

"*Weekly Rate*" means an interest rate determined weekly pursuant to the Eighteenth Supplemental Resolution.

General

The Daily Rate Bonds will be dated the Mode Change Date and will mature on January 1, 2023. The 2005A Bonds will bear interest at a Daily Interest Rate as described below under "Interest–Determination of Interest Rate" unless and until, upon compliance with the conditions set forth in the Eighteenth Supplemental Resolution, the 2005A Bonds are converted to bear interest from time to time to an auction rate, a fixed rate or a term rate. All time references made under this caption and "TENDER FOR PURCHASE OF 2005A BONDS" are to New York City time.

Securities Depository

Upon initial issuance, the Daily Rate Bonds will be available only in book-entry form. DTC will act as the initial Securities Depository for the Daily Rate Bonds, and the ownership of one fully registered bond for each maturity of the Daily Rate Bonds in the principal amount of such maturity will be registered in the name of Cede & Co., as nominee for DTC, and deposited with DTC. See "BOOK-ENTRY SYSTEM" herein for a description of DTC and its book-entry only system.

As long as the book-entry only system is used for the Daily Rate Bonds, the Trustee, the Authority and the Tender Agent will give any notice of redemption or mandatory tender for purchase or any other notices required to be given to Holders of 2005A Bonds only to DTC. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS FOR THE DIRECT DTC PARTICIPANT THROUGH WHOSE DTC ACCOUNT ITS BENEFICIAL OWNERSHIP INTEREST

IS RECORDED TO RECEIVE NOTICES (INCLUDING NOTICES OF MANDATORY TENDER FOR PURCHASE) THAT MAY BE CONVEYED TO DIRECT DTC PARTICIPANTS AND INDIRECT DTC PARTICIPANTS.

Denominations; Medium, Method and Place of Payment of Principal and Interest

The Daily Rate Bonds shall be issued in the form of fully registered bonds in denominations of $100,000 and any integral multiple of $5,000 in excess thereof. The principal of and premium, if any, and interest on the 2005A Bonds shall be payable in lawful money of the United States of America. Accrued and unpaid interest on the 2005A Bonds shall be due on the Interest Payment Dates and payable by wire transfer in immediately available funds to the account specified by the Holder in a written direction received by the Trustee on or prior to a Regular Record Date, or if no such account number is furnished, by check mailed to the Trustee to the Holder at the address appearing on the books required to be kept by the Trustee pursuant to the Resolution. The principal and Redemption Price shall be payable on its Principal Payment Date, upon surrender thereof at the office of the Trustee.

The Remarketing Agent

Concurrently with the issuance of the 2005A Bonds, the Authority will enter into a Remarketing Agreement with Wachovia Bank, National Association (the "Remarketing Agent") as the remarketing agent for the 2005A Bonds. Under the Remarketing Agreement, the Remarketing Agent will agree to determine the Daily Interest Rate on the 2005A Bonds and use its best efforts, except in certain cases, to remarket the 2005A Bonds subject to optional and mandatory tender for purchase as set forth below under "Tender for Purchase of 2005A Bonds." The Remarketing Agent can resign or be removed in accordance with the provisions of the Remarketing Agreement and the Eighteenth Supplemental Resolution. No resignation or removal will be effective until a successor has been appointed and accepted its appointment.

Interest

General. Interest on the Daily Rate Bonds shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed to the Interest Payment Date. Interest for 2005A Bonds contained in the records of the Trustee shall be conclusive and binding upon the Authority, the Remarketing Agent, the Tender Agent, the Trustee, the Liquidity Facility Issuer, the Credit Facility Issuer and the Holders. During a Daily Mode, the 2005A Bonds will bear interest at the Daily Rate for each Interest Period. Such Interest Period shall be the period from and including a Business Day to and excluding the next Business Day.

Determination of Interest Rate. The interest rate for Series 2005A Bonds in a Daily Mode for each Interest Period shall be the rate of interest per annum determined by the Remarketing Agent on or before 10:00 a.m. on the Rate Determination Date (i.e., each Business Day) as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the 2005A Bonds in the Daily Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The Remarketing Agent shall make the rate available by Electronic Means to each other Notice Party by 10:30 a.m., on the Rate Determination Date.

In the event (i) the Remarketing Agent fails to determine the interest rate(s) or Interest Periods with respect to the 2005A Bonds, or (ii) the method of determining the interest rate(s) or Interest Periods with respect to the 2005A Bonds shall be held to be unenforceable by a court of law of competent jurisdiction, the 2005A Bonds shall thereupon, until such time as the Remarketing Agent again makes

such determination or until there is delivered to the Authority and the Trustee a Favorable Opinion of Bond Counsel, bear interest at the Weekly Rate.

Changes in Interest Mode. The 2005A Bonds may be changed to any other Mode at the times and in the manner as summarized herein. Less than all of the 2005A Bonds subject to a particular Mode may be converted to another Mode pursuant to the Resolution; provided, however, that in such event the 2005A Bonds shall be redesignated into one or more subseries for each separate Mode with a new CUSIP number for each subseries.

Notice of Intention to Change Mode. The Authority shall give written notice, or notice by Electronic Means, to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (the "Current Mode") to another Mode (the "New Mode") specified in such notice, together with the proposed Mode Change Date. Such notice shall be given at least fifteen (15) days prior to the Mode Change Date.

General Provisions Applying to Changes from One Mode to Another.

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

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

(c) No change in Mode will become effective unless all conditions precedent thereto have been met and a Favorable Opinion of Bond Counsel dated the Mode Change Date shall have been delivered to the Trustee and the Remarketing Agent by 2:30 p.m., or such later time as is acceptable to the Authority, the Trustee and the Remarketing Agent, on the Mode Change Date.

(d) If all conditions to the Mode Change are met, the Interest Period(s) or the Auction Period for the New Mode shall commence on the Mode Change Date and the Interest Rate(s) (together, in the case of a change to the Commercial Paper Mode, with the Interest Period(s)) shall be determined by the Remarketing Agent pursuant to the Resolution.

(e) In the event the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and the 2005A Bonds shall continue to bear interest at the Daily Rate.

REDEMPTION OF 2005A BONDS

Optional Redemption

The Daily Rate Bonds shall be subject to redemption at the option of the Authority, in whole or in part, on any Interest Payment Date, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest to the Redemption Date.

Sinking Fund Redemption

The 2005A Bonds shall be subject to redemption, by lot, through mandatory sinking fund installments commencing on January 1, 2010, and on each January 1 thereafter, in each case at the principal amount thereof together with accrued interest, if any, to the redemption date.

Such sinking fund installments will be sufficient to redeem the following principal amounts of the 2005A Bonds in the years indicated:

Year	Principal Amount	Year	Principal Amount
2010	$2,700,000	2017	$3,900,000
2011	2,900,000	2018	4,200,000
2012	3,000,000	2019	4,400,000
2013	3,200,000	2020	4,600,000
2014	3,400,000	2021	4,800,000
2015	3,600,000	2022	5,100,000
2016	3,700,000	2023	5,400,000

In determining the amount of 2005A Bonds to be redeemed with any sinking fund installment, there will be deducted from the principal amount of any 2005A Bonds of the maturity to which such sinking fund installment applies which have been purchased, to the extent permitted by the Resolution, with amounts in the Debt Service Account or from other sources. In addition, if there is any redemption or purchase with amounts contained in the General Reserve Fund of any 2005A Bonds for which sinking fund installments have been established, such 2005A Bonds may be credited against any future sinking fund installment as specified by the Authority.

Redemption in Part

In the event of the redemption of less than all of the 2005A Bonds, then the particular 2005A Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee shall deem appropriate and fair; provided, however, the 2005A Bonds to be redeemed shall be in Authorized Denominations; and provided further, however, that 2005A Bonds purchased with funds drawn under the Letter of Credit shall be redeemed prior to other 2005A Bonds. In such event, for so long as a book-entry-only system is in effect with respect to the 2005A Bonds, DTC or its successor, and direct or indirect DTC participants, will determine the particular ownership interests of 2005A Bonds of such maturity to be redeemed. Any failure of DTC or its successor, or of a direct of indirect DTC participant, to make such determination will not affect the sufficiency or the validity of the redemption of 2005A Bonds to be redeemed. See "BOOK-ENTRY SYSTEM" herein.

Notice of Redemption

Notice of Redemption is to be mailed, not less than 30 days prior to the redemption date, but failure to receive any such notice shall not affect the sufficiency or the validity of the redemption proceedings.

Any notice of optional redemption of 2005A Bonds may state that it is conditioned upon receipt by the Trustee of moneys sufficient to pay the Redemption Price of such 2005A Bonds or upon the satisfaction of any other condition, or that it may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Holders of 2005A Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

For so long as a book-entry-only system is in effect with respect to the 2005A Bonds, notice of redemption, or notice of rescission of any conditional notice of redemption, of 2005A Bonds to be redeemed is to be mailed to DTC or to its nominee or successor. Any failure of DTC or its successor, or of a direct or indirect DTC participant, to notify a beneficial owner of 2005A Bonds of any redemption will not affect the sufficiency or validity of the redemption of the 2005A Bonds to be redeemed. See "BOOK-ENTRY SYSTEM" herein. Neither the Authority nor the Trustee can give any assurance that DTC or its successor, or direct or indirect DTC participants, will distribute such redemption notices to the beneficial owners of 2005A Bonds, or that they will do so on a timely basis.

TENDER FOR PURCHASE OF 2005A BONDS

Optional Tender

Any Series 2005A Bond (or portions thereof in Authorized Denominations) in the Daily Mode is subject to purchase, on the demand of the Holder thereof, at a price equal to the Purchase Price on any Business Day (such purchase to be made on the Business Day upon which such demand is made), upon irrevocable telephonic notice to the Tender Agent and the Remarketing Agent (promptly confirmed in writing by such Holder, delivered to the Tender Agent and the Remarketing Agent by telecopier by 11:00 a.m., New York City time, at their respective Principal Offices) which states the number and principal amount of such Bond being tendered and the Purchase Date. Such tender notice, once transmitted to the Tender Agent, shall be irrevocable with respect to the tender for which such tender notice was delivered and such tender shall occur on the Business Day specified in such Tender Notice. The contents of any such irrevocable telephonic tender notice shall be conclusive and binding on all parties.

During any period that the 2005A Bonds are issued registered in the name of DTC or a nominee thereof pursuant to the Resolution, (i) any notice of tender delivered pursuant to the Resolution shall also (A) provide evidence satisfactory to the Tender Agent and the Remarketing Agent that the party delivering the notice is the beneficial owner or a custodian for the beneficial owner of the Bonds referred to in the notice, and (B) if the beneficial owner is other than a DTC participant, identify the DTC participant through whom the beneficial owner will direct transfer; (ii) on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC participant, cause its DTC participant to direct) the transfer of said 2005A Bond on the records of DTC; and (iii) it shall not be necessary for 2005A Bonds to be physically delivered on the date specified for purchase thereof, but such purchase shall be made as if such 2005A Bonds had been so delivered, and the purchase price thereof shall be paid to DTC. In accepting a notice of tender of any 2005A Bonds pursuant to this Section, the Trustee and the Tender Agent may conclusively assume that the person providing the notice of tender is the beneficial owner of the 2005A Bonds being tendered and therefore entitled to tender them. The Trustee and Tender Agent assume no liability to anyone in accepting a notice of tender from a person whom it reasonably believes to be such a beneficial owner of the 2005A Bonds.

Mandatory Purchase on Any Mode Change Date

The 2005A Bonds to be changed to any Mode from any other Mode are subject to mandatory tender for purchase on the Mode Change Date at the Purchase Price, subject to the provisions of the Resolution.

Mandatory Purchase Upon Expiration Date, Termination Date and Substitution Date

The 2005A Bonds shall be subject to mandatory tender for purchase on: (i) the second Business Day preceding the Expiration Date of a Liquidity Facility or Credit Facility, which second Business Day

is hereinafter referred to as an "Expiration Tender Date"; (ii) the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of a Liquidity Facility or Credit Facility, which fifth calendar day is hereinafter referred to as a "Termination Tender Date", if the Liquidity Facility or Credit Facility permits a draw thereon on the Termination Tender Date; (iii) the seventh calendar day (or if such day is not a Business Day, the preceding Business Day) following receipt by the Tender Agent of notice from the Liquidity Facility Issuer or Credit Facility Issuer, as appropriate, that any amount available to be drawn under a Liquidity Facility or Credit Facility is not reinstated, which seventh calendar day is hereinafter referred to as a "Non-Reinstatement Tender Date"; and (iv) the Substitution Date for a Liquidity Facility or Credit Facility.

See "THE INITIAL CREDIT AND LIQUIDITY FACILITY" herein for a description of termination events under the Liquidity Facility.

Notice of Mandatory Tender for Purchase

The Trustee shall: (i) at least fifteen (15) days prior to any Mode Change Date for the 2005A Bonds, give notice of the mandatory tender for purchase of the 2005A Bonds on such Mode Change Date; (ii) at least fifteen (15) days prior to the Expiration Tender Date with respect to 2005A Bonds, give notice of the mandatory tender of the 2005A Bonds on such Expiration Tender Date if it has not received confirmation that the Expiration Date has been extended; (iii) at least five (5) days prior to the Termination Tender Date with respect to the 2005A Bonds, give notice of the mandatory tender of the 2005A Bonds on such Termination Tender Date if it has not received a notice executed by the Authority and the Liquidity Facility Issuer or the Credit Facility Issuer, as applicable, stating that the event which resulted in the establishment of the Termination Tender Date has been cured; (iv) at least five (5) days prior to any Non-Reinstatement Tender Date with respect to 2005A Bonds, give notice of mandatory tender of 2005A Bonds on such Non-Reinstatement Tender Date if it has not theretofore received a notice executed by the Liquidity Facility Issuer or the Credit Facility Issuer, as applicable, stating to the effect that the full amount available to be drawn under the Liquidity Facility or Credit Facility, as applicable, has been reinstated; and (v) at least thirty (30) days prior to any Substitution Date with respect to a Liquidity Facility or a Credit Facility relating to any 2005A Bonds, give notice of the mandatory tender of such Bonds on such Substitution Date.

Except as otherwise provided, notice of any mandatory tender of 2005A Bonds shall state that such 2005A Bonds are to be purchased pursuant to the Resolution, shall be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Holder of 2005A Bonds at the respective addresses shown on the registry books or, if the Holder is a Securities Depository, by Electronic Means. Each notice of mandatory tender for purchase shall identify the reason for the mandatory tender for purchase, and specify the Mandatory Purchase Date, the Purchase Price, the place and manner of payment, that the Holder has no right to retain such 2005A Bonds and that no further interest will accrue from and after the Mandatory Purchase Date to such Holder. Each notice of mandatory tender for purchase caused by a change in the Mode applicable to the 2005A Bonds shall in addition specify the conditions that must be satisfied pursuant to the Resolution in order for the new Mode to become effective, and the consequences of the failure to satisfy any of such conditions. In the event a mandatory tender of 2005A Bonds shall occur at or prior to the same date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase shall control. The Trustee shall send a copy of any notice of mandatory tender given by it to the other Notice Parties by Electronic Means. Any notice mailed or given by Electronic Means as provided in the Resolution shall be conclusively presumed to have been duly given, whether or not the Holder of any 2005A Bond receives the notice, and the failure of such Holder to receive any such notice shall not affect the validity of the action described in such notice. Failure by the Trustee to give a notice as provided in the Resolution shall not affect the obligation of the Tender Agent

to purchase the Series 2005A Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

Remarketing of 2005A Bonds; Notices

The Remarketing Agent for 2005A Bonds shall offer for sale and use its best efforts to find purchasers for all Series 2005A Bonds or portions thereof as to which notice of tender pursuant to the Resolution has been given and all 2005A Bonds required to be tendered for purchase.

The Remarketing Agent shall at or before 1:00 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, notify the Authority and the Tender Agent by Electronic Means of the amount of tendered 2005A Bonds that were successfully and not successfully remarketed, and confirm to the Tender Agent the transfer of the Purchase Price of remarketed 2005A Bonds to the Tender Agent in immediately available funds at or before 1:45 p.m.

Special Considerations Relating to the 2005A Bonds

The Remarketing Agent is Paid by the Authority. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the 2005A Bonds that are tendered by the Holders by operation of either optional or mandatory tender (subject, in each case, to the terms of the Remarketing Agreement), all as further described under "DESCRIPTION OF THE 2005A BONDS – Tender for Purchase of Bonds". The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Holders and potential purchasers of 2005A Bonds.

The Remarketing Agent Routinely Purchases Bonds for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account and, in its sole discretion, acquires such tendered obligations in order to achieve a successful remarketing of the obligations (i.e., because there otherwise are not enough buyers to purchase the obligations) or for other reasons. Similarly, the Remarketing Agent is permitted, but not obligated, to purchase 2005A Bonds for its own account. However, the Remarketing Agent is not obligated to purchase any obligations, including the 2005A Bonds upon their issuance, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2005A Bonds by purchasing and selling 2005A Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the 2005A Bonds. The Remarketing Agent may also sell any 2005A Bonds it purchases to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2005A Bonds. The purchase of 2005A Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the 2005A Bonds in the market than is actually the case. The practices described above also may result in fewer 2005A Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including a Date on Which the Interest Rate is Determined. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the 2005A Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable date on which the interest rate on the 2005A Bonds is determined. The interest rate will reflect, among other factors, the level of market demand for the 2005A Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be 2005A Bonds tendered and remarketed on such date, the Remarketing Agent may or may not be able to

remarket any 2005A Bonds tendered for purchase on such date at par and the Remarketing Agent may sell 2005A Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2005A Bonds at the remarketing price. In the event the Remarketing Agent owns any 2005A Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such 2005A Bonds on any date, including the any date on which the interest rate on the 2005A Bonds is determined, at a discount to par to some investors.

The Ability to Sell the 2005A Bonds Other Than Through Tender Process May Be Limited. The Remarketing Agent may buy and sell 2005A Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their 2005A Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2005A Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Cease Remarketing the 2005A Bonds Without a Successor Being Named. Under certain circumstances the Remarketing Agent may have the ability to cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

The Remarketing Agreement provides that the Remarketing Agent:

(i) will suspend its remarketing efforts upon the receipt of notice of the occurrence of an event of default under the 2005A Bonds, the Resolution, the Credit Facility/Liquidity Facility or the reimbursement agreement pursuant to which a Credit Facility/Liquidity Facility is issued; and

(ii) may, in its sole discretion, suspend its remarketing efforts with respect to the 2005A Bonds immediately upon the occurrence of any of the following events, which suspension will continue so long as, in the Remarketing Agent's reasonable judgment, such event continues to exist as to the 2005A Bonds: (A) suspension or material limitation in trading in securities generally on the New York Stock Exchange; (B) a general moratorium on commercial banking activities in New York is declared by either federal or New York State authorities; (C) the engagement by the United States in hostilities if the effect of such engagement, in the Remarketing Agent's judgment, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase the 2005A Bonds; (D) legislation shall be introduced by committee (by amendment or otherwise) in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the 2005A Bonds, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended (the "Securities Act") as then in effect, or the Securities Exchange Act of 1934, as amended (the "Exchange Act") as then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the 2005A Bonds, or the 2005A Bonds themselves, as contemplated hereby; (E) any event shall occur or information shall become known, which, in the Remarketing Agent's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in any disclosure documents provided to the Remarketing Agent in connection with the performance of its duties under the Remarketing Agreement,

whether provided pursuant to Section 5 hereof or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (F) any governmental authority shall impose, as to the 2005A Bonds, or obligations of the general character of the 2005A Bonds, any material restrictions not now in force, or increase materially those now in force; (G) any of the representations and warranties of the Authority made under the Remarketing Agreement shall not have been true and correct on the date made; (H) the Authority fails to observe any of the covenants or agreements made under the Remarketing Agreement; (I) any of the rating agencies then rating the 2005A Bonds or the Credit Facility Issuer/Liquidity Facility Issuer shall either (i) downgrade the ratings assigned to either the 2005A Bonds or the Credit Facility Issuer/Liquidity Facility Issuer so that such 2005A Bonds are not "Eligible Securities" as defined under Rule 2a-7 of the Investment Company Act of 1940, as amended or (ii) suspend or withdraw the then current ratings assigned to either the 2005A Bonds or the Credit Facility Issuer/Liquidity Facility Issuer; or (J) an actual or imminent default or a moratorium in respect of payment of any U.S. Treasury bills, bonds or notes the effect of which in the Remarketing Agent's judgment makes it impractical to market the 2005A Bonds or to enforce contracts for the sale of the 2005A Bonds.

Source of Funds for Purchase of Daily Rate Bonds

On or before the close of business on the Purchase Date or the Mandatory Purchase Date with respect to 2005A Bonds, the Tender Agent shall purchase such 2005A Bonds from the Holders at the Purchase Price. Funds for the payment of such Purchase Price shall be derived in the following order of priority: (i) immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of the 2005A Bonds; (ii) immediately available funds drawn by the Trustee or the Tender Agent under a Liquidity Facility or a Credit Facility; and (iii) immediately available funds transferred by the Authority to the Tender Agent.

Delivery of 2005A Bonds

Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, the 2005A Bonds sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Bonds by 3:00 p.m. on the Purchase Date or the Mandatory Purchase Date, as the case may be. The 2005A Bonds purchased with moneys provided by the Authority shall be delivered at the direction of the Authority.

Delivery and Payment for Purchased 2005A Bonds; Undelivered 2005A Bonds

Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, the 2005A Bonds purchased pursuant to this Article shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date or Mandatory Purchase Date, as the case may be, at the office of the Tender Agent; provided, however, that payment of the Purchase Price of any 2005A Bond purchased pursuant to the Resolution shall be made only if such Bond so delivered to the Tender Agent conforms in all respects to the description thereof in the notice of tender. Payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Purchase Date or Mandatory Purchase Date, as the case may be, or, if the Holder has not provided or caused to be provided wire transfer instructions, by check mailed to the Holder at the address appearing in the books required to be kept by the Trustee pursuant to the Resolution. If 2005A Bonds to be purchased are not delivered by the Holders to the Tender Agent by 12:00 noon on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Tender Agent shall hold any funds received for the purchase of those 2005A Bonds in trust in a separate account and shall pay such

funds to the former Holders upon presentation of the 2005A Bonds subject to tender. Any such amounts shall be held uninvested. Such undelivered 2005A Bonds shall be deemed tendered and cease to accrue interest as to the former Holders on the Purchase Date or the Mandatory Purchase Date, as the case may be, and moneys representing the Purchase Price shall be available against delivery of those 2005A Bonds at the Principal Office of the Tender Agent; provided, however, that any funds which shall be so held by the Tender Agent and which remain unclaimed by the former Holder of any such 2005A Bond not presented for purchase for a period of two years after delivery of such funds to the Tender Agent, shall, to the extent permitted by law, upon request in writing by the Authority and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to the Authority free of any trust or lien and thereafter the former Holder of such 2005A Bond shall look only to the Authority and then only to the extent of the amounts so received by the Authority without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the purchase price of such 2005A Bonds. The Tender Agent shall authenticate a replacement 2005A Bond for any undelivered 2005A Bond which may then be remarketed by the Remarketing Agent.

BOOK-ENTRY SYSTEM

The information in this section concerning The Depository Trust Company ("DTC") and DTC's book-entry-only system has been obtained from DTC, and the Authority and the Remarketing Agent take no responsibility for the accuracy thereof.

DTC will act as securities depository for the 2005A Bonds. The 2005A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2005A Bond certificate will be issued for each maturity of the 2005A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC utilizing the DTC FAST system of registration.

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

Purchases of 2005A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2005A Bonds on DTC's records. The ownership interest

of each actual purchaser of each 2005A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2005A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2005A Bonds, except in the event that use of the book-entry system for the 2005A Bonds is discontinued.

To facilitate subsequent transfers, all 2005A Bonds deposited by Direct Participants with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2005A Bonds with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2005A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2005A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all the 2005A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2005A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2005A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2005A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the 2005A Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2005A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2005A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2005A Bond certificates will be printed and delivered to DTC.

The Authority, Bond Counsel, the Trustee and the Remarketing Agent cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the 2005A Bonds: (i) payments of principal of or interest on the 2005A Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the 2005A Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the 2005A Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and act in the manner described in this Remarketing Memorandum. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the Authority, Bond Counsel, the Trustee or the Remarketing Agent will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the 2005A Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the 2005A Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Master Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2005A Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Remarketing Memorandum, it should be understood that while the 2005A Bonds are in the Book Entry system, references in other sections of this Remarketing Memorandum to Registered Owner should be read to include the Beneficial Owners of the 2005A Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the Authority or the Trustee will be given only to DTC.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Pledge and Security Interest Under the Resolution

The 2005A Bonds, together with all other Outstanding Bonds and any Additional Bonds, will be payable from and secured by a pledge of and security interest in (i) the proceeds of the sale of the Bonds, (ii) the Revenues of the Authority, and (iii) all Funds established by the Resolution (other than any Decommissioning Fund which may be established), including the investments and income thereof (collectively, the "Trust Estate"), subject to the provisions of the Resolution permitting application thereof for the purposes and on the terms and conditions set forth in the Resolution. For a description of the Funds and Accounts created by the Resolution and other provisions of the Resolution, including definitions of certain terms used in the Resolution, see Appendix F hereto.

The Bonds will be payable solely from the Trust Estate and neither the State of Oklahoma nor any political subdivision thereof (other than the Authority) nor any Participating Trust which has contracted with the Authority, is obligated to pay the principal of, premium, if any, or interest on the

Bonds and neither the faith and credit nor the taxing power of the State of Oklahoma or any political subdivision thereof or any such Participating Trust is pledged to the payment of the principal of or premium, if any, or interest on the Bonds. The Authority does not have any taxing power.

Debt Service Reserve Account

The Debt Service Reserve Account is required to be maintained in an amount equal to the Debt Service Reserve Requirement. The Debt Service Reserve Requirement is defined in the Resolution as an amount equal to the greatest amount of Adjusted Aggregate Debt Service for the current or any future calendar year. Amounts in the Debt Service Reserve Account are to be used to make up any deficiencies in deposits in the Debt Service Account for the payment of debt service on the Bonds. The Resolution requires that upon the issuance of each series of Bonds there be deposited into the Debt Service Reserve Account in the Debt Service Fund the amount necessary so that the amount on deposit in such Account will equal the Debt Service Reserve Requirement calculated immediately after the issuance of such series of Bonds. See Appendix F hereto for a description of the method of valuation of Investment Securities in the Debt Service Reserve Account.

Investment Securities in the Debt Service Reserve Account are valued as of each December 31 or at such other times as the Authority shall determine. If the amount in the Debt Service Reserve Account as of the last day of each month or on any other valuation date is less than the Debt Service Reserve Requirement for any reason other than moneys having been transferred to the Debt Service Account, the deficiency is to be made up in equal monthly installments over the ensuing 12 month period. As of the December 31, 2007, valuation, the Debt Service Reserve Requirement was satisfied.

In lieu of the required deposits or transfers of moneys to the Debt Service Reserve Account, the Authority, subject to certain conditions contained in the Resolution, may cause to be deposited into the Debt Service Reserve Account for the benefit of the holders of the Bonds an irrevocable surety bond, insurance policy, letter of credit or any other similar obligation in an amount equal to the difference between the Debt Service Reserve Requirement and the sums of moneys or value of Investment Securities then on deposit in the Debt Service Reserve Account, if any.

Power Sales Contracts

Each Power Sales Contract between the Authority and a Participating Trust requires the Authority to supply to the Participating Trust, and the Participating Trust to take from the Authority, power and energy in the amounts and during the periods described in Appendix A hereto under "THE AUTHORITY—Power Supply Operations" and in Appendix D hereto. Under the terms of the Power Sales Contracts, the Authority has the responsibility of supplying the total power and energy requirements of each Participating Trust, with the exception of the fifteen Participating Trusts with Southwestern Power Administration ("SWPA") allocations, for whom the Authority provides the total power and energy requirements above their respective SWPA allocations. The term of each Power Sales Contract extends to December 31, 2027, and thereafter until terminated upon prior notice by either party; such notice is fifteen years for 35 of the 36 Participating Trusts pursuant to an amendment to the Power Sales Contracts. One Participating Trust, representing less than one percent of the Authority's aggregate load in 2007, has not yet approved such amendment. If notice to terminate is given by any Participating Trust subsequent to any issuance of debt, the Authority, at its option, may increase such Participating Trust's rates to recover its share of the debt service costs by the termination date. In making any such determination, the Authority first shall mitigate any adverse consequences caused by such termination notice.

The Authority is authorized to set rates which will produce revenues sufficient, but only sufficient, together with other available funds, to provide for the Authority's estimated revenue requirements which include, without limitation, operation and maintenance costs, debt service on the Bonds, deposits required to be made into the Funds established under the Resolution and such additional amounts as are necessary to satisfy any debt service coverage requirement in the Resolution or which the Authority may deem desirable in the marketing of the Bonds. As defined in the Power Sales Contracts, revenue requirements do not include any principal, premium, if any, or interest on Bonds due solely by virtue of the acceleration of such Bonds. The Authority is required to give notice to the Participating Trusts at least 60 days prior to the implementation of any change in rates. Each Participating Trust is required to make payments under its Power Sales Contract from the revenues of its municipal electric system (or any integrated utility system of which the electric system is a part) and from other funds of such system legally available therefor and such payments will be made as operating expenses of such system. Obligations may be issued by the Participating Trust payable superior to the payment of operating expenses upon satisfaction of a specified projected revenue test. See "Restrictions on Disposition of Electrical System, Sales for Resale, Other Obligations" in Appendix D hereto.

Each Participating Trust operates the municipal electric system which has been leased by the municipal beneficiary to the Participating Trust pursuant to a lease which has a term no less than the term of the Power Sales Contract. Each lease may not be terminated prior to the end of its primary term, except that each of the individual leases between Altus, Comanche, Duncan, Edmond, Eldorado, Frederick, Granite, Kingfisher, Laverne, Mangum, Olustee, Prague, Spiro, Tecumseh and Wynnewood and their respective municipal beneficiary contains provisions for termination prior to the end of its primary term if the Participating Trust defaults in the performance of its obligations thereunder. In the opinion of the Authority's general counsel, in the event a Participating Trust should take or fail to take an action of the character which would result in a default under its respective lease permitting the early termination thereof, such act or failure to act would also constitute a breach of covenants by such Participating Trust under its Power Sales Contract. The Authority has covenanted in the Power Sales Contracts to at all times maintain and promptly and vigorously enforce its rights against any Participating Trust which does not pay its charges due for power and energy supplied by the Authority pursuant to the Power Sales Contracts. In the opinion of the Authority's general counsel, the Authority's remedies, at law or in equity, would permit the Authority to cure or cause to be cured any default under such Power Sales Contract and, accordingly, under the respective lease; provided, as set forth in the Power Sales Contracts, any such curative action involving the expenditure of moneys shall not require a Participating Trust to expend any funds which are derived from sources other than the operation of its electric system or integrated utility system of which the electric system is a part.

As described more fully in Appendix D hereto, the Authority's remedies following the failure by a Participating Trust to pay any amount due under its Power Sales Contract include discontinuing service to such Participating Trust upon 15 days' advance written notice and, if the amount remains unpaid 120 or more days after the due date, terminating the Power Sales Contract upon 30 days' advance written notice. If necessary, in determining rates, the Authority shall take into account any anticipated delinquency or default in payments by Participating Trusts under the Power Sales Contracts. Any such rate revision is subject to the 60 day notice period referred to in the second paragraph of this section.

Pursuant to the Power Sales Contracts, each Participating Trust has agreed to maintain rates for the sale of power and energy which shall provide to the Participating Trust revenues, which, together with other funds estimated to be available, will be sufficient to meet its obligations to the Authority thereunder and all other operating expenses of its electric or integrated utility system, and to pay all obligations payable from, or constituting a lien or charge on, the revenues of its electric or integrated utility system. For a more complete description of the Power Sales Contracts, see Appendix D hereto. For further information regarding regulation of the Authority's and the Participating Trusts' rates, see "THE

AUTHORITY—Rate Regulation" and "THE PARTICIPATING TRUSTS—Rate Regulation of the Participating Trusts" in Appendix A hereto.

The Authority may not amend or consent to any waiver of any provision of the Power Sales Contracts unless certain conditions are met. See "Certain Other Covenants—Power Sales Contracts; Amendment" in Appendix F hereto.

Rate Covenant and Coverage Under the Resolution

The Authority has agreed under the Resolution to establish and collect rents, rates and charges under the Power Sales Contracts and otherwise to charge and collect rents, rates and charges for the use or sale of the output, capacity or service of its power supply system which, together with other available Revenues, are reasonably expected to yield Net Revenues for the 12-month period commencing with the effective date of such rents, rates and charges equal to at least 1.10 times the Aggregate Debt Service on all Bonds for such period, and, in any event, sufficient, together with other available funds, to pay all other indebtedness, liens and charges payable out of Revenues. For purposes of such covenant, amounts required to pay Refundable Principal Installments may be excluded from Aggregate Debt Service to the extent that the Authority intends to make such payments from sources other than Revenues. Payments made by the Authority to GRDA pursuant to each of the Unit Power Sales Agreement and Power Purchase and Sale Agreement and to WRI under the WRI Participation Power Agreements discussed under "THE POWER SUPPLY PROGRAM" in Appendix A will not constitute Operation and Maintenance Expenses of the Authority and will be payable out of the General Reserve Fund under the Resolution. All other payments under current agreements for the purchase of power and the operation of generating units in which the Authority has an ownership interest will be Operation and Maintenance Expenses of the Authority. The Authority is required to review and, if necessary, revise its rents, rates and charges upon the occurrence of a material change in circumstances, but in any case at least once every 12 months. See Appendix F hereto for definitions of the terms "System," "Revenues," "Net Revenues," "Aggregate Debt Service" and "Refundable Principal Installment." See "Covenant as to Rents, Rates and Other Charges" in Appendix F hereto.

Additional Bonds; Conditions to Issuance

The Authority may issue Additional Bonds for the purpose of paying all or a portion of the cost of Acquisition and Construction (as defined in Appendix F hereto) of the System or for the purpose of refunding Outstanding Bonds. The Authority anticipates issuing Additional Bonds as described under "OUTSTANDING BONDS AND OTHER INDEBTEDNESS—Anticipated Additional Parity Bonds" in Appendix A hereto. All series of such Additional Bonds will be payable from the same sources and secured on a parity with all other Outstanding Bonds. Set forth below are certain conditions applicable to the issuance of Additional Bonds.

Historical Debt Service Coverage. The issuance of any series of Additional Bonds (except for refunding Bonds) is conditioned upon the delivery of a certificate to the Trustee by the Authority to the effect that, for any period of 12 consecutive months within the 24 months preceding the issuance of Bonds of such series, Net Revenues were at least equal to 1.10 times Aggregate Debt Service during such period, excluding for this purpose principal of any Bonds which was paid from sources other than Revenues.

Projected Debt Service Coverage. The issuance of any series of Additional Bonds (except for refunding Bonds) is further conditioned upon the delivery to the Trustee of a certificate of the Consulting Engineer to the Authority to the effect that, for each fiscal year in the period beginning with the fiscal year in which the additional series of Bonds is to be issued and ending on the later of the fifth full fiscal

year thereafter or the first full fiscal year in which less than 10% of the interest coming due on Bonds then to be outstanding is to be paid from Bond proceeds, Net Revenues are estimated to be at least equal to 1.10 times Adjusted Aggregate Debt Service for each such fiscal year.

For purposes of estimating future Net Revenues, the Consulting Engineer may base its estimate upon such factors as it shall consider reasonable including, without limitation: (a) Revenues estimated to be derived from sales of power and energy pursuant to existing contracts with the Participating Trusts and with other utilities which will result in compliance with the rate covenant under the Resolution (see "Covenant as to Rents, Rates and Other Charges" in Appendix F hereto) except that, for any required increase in Revenues from the Participating Trusts above those which would result under existing rate schedules, either (i) the Consulting Engineer must be of the opinion that such increases will result in total costs of power and energy per kWh which will be reasonable in comparison to such costs for power and energy being supplied by other utilities in the region or which is the most economical power and energy reasonably available to the Participating Trusts or (ii) the Board of Directors of the Authority shall have adopted a resolution recognizing such required increase and stating its intention to raise rates as necessary to produce such an increase in Revenues; and (b) Revenues estimated to result from assumed sales of power and energy not covered by existing contracts, but only if such Revenues are based upon estimated costs of power and energy per kWh which are reasonable in comparison to that available to assumed purchasers from alternative sources during the same period and the Revenues from such assumed sales for any fiscal year do not exceed 25% of the total Revenues estimated for such fiscal year.

The Thirteenth Supplemental Resolution adopted February 8, 2001, authorizing the Authority's Series 2001A Bonds amended the Resolution to delete the debt service coverage test described above, effective when all Outstanding Bonds at the time of such adoption, i.e., the Series 1990A, 1992B, 1994A and 1994B Bonds, no longer are Outstanding or, if earlier, when the holders of the currently Outstanding Bonds consent to the deletion pursuant to the Resolution. See "Amendments to the Resolution" in Appendix F hereto.

Debt Service Reserve Requirement. The issuance of any series of Additional Bonds is further conditioned upon the deposit of an amount in the Debt Service Reserve Account such that the balance in such Account, after giving effect to any irrevocable surety bond, insurance policy, letter of credit or other similar obligation deposited in such Account, equals the Debt Service Reserve Requirement calculated immediately after delivery of such Bonds. For information regarding the deposit of any surety bond, insurance policy, letter of credit or other similar obligation in the Debt Service Reserve Account, see Appendix F hereto.

No Default. In addition, Additional Bonds (other than refunding Bonds) may be issued only if the Authority certifies that no event of default exists under the Resolution or that any such event of default will be cured through application of the proceeds of such Bonds.

THE INITIAL CREDIT AND LIQUIDITY FACILITY

On the Mode Change Date, Bank of America, N.A. (the "Bank"), will provide an irrevocable direct pay letter of credit (the "Letter of Credit") to Bank of Oklahoma, N.A., as trustee and tender agent (the "Trustee and Tender Agent"), securing the payment of the principal and Purchase Price of and interest on the 2005A Bonds in the Daily Mode. Such Letter of Credit constitutes both a "Credit Facility" and a "Liquidity Facility" as such terms are defined in the Eighteenth Supplemental Resolution.

The Letter of Credit constitutes the irrevocable obligation of the Bank to pay to the Trustee and Tender Agent upon timely request up to the principal amount of the 2005A Bonds (the "Principal Stated Amount") plus an amount equal to 50 days of interest computed at the rate of 14% per annum (the

"Interest Stated Amount," and together with the Principal Stated Amount is the "Stated Amount") which may be drawn for the purpose of paying the principal or the principal portion of the Purchase Price of the 2005A Bonds and for the purpose of paying interest on or the interest portion of the Purchase Price of the 2005A Bonds. The Letter of Credit will expire at the close of business on November 19, 2009, unless earlier terminated or extended and is subject to reduction, as hereinafter described.

The Letter of Credit provides that the Bank will pay to the Trustee and Tender Agent for the 2005A Bonds up to the Stated Amount (subject to the Principal Stated Amount and Interest Stated Amount limitations referred to above) upon presentation by the Trustee and Tender Agent to the Bank of payment documents indicating whether such draw is for the purpose of paying principal, interest or the Purchase Price of 2005A Bonds. Under the Eighteenth Supplemental Resolution, the Trustee and Tender Agent is to draw under the Letter of Credit to pay when due the principal of and interest on the 2005A Bonds and to make any necessary payments of the Purchase Price of 2005A Bonds tendered for payment, by submitting a draw request to the Bank on or before specified times on the required payment date.

After payment by the Bank of a drawing under the Letter of Credit (A) to pay principal of 2005A Bonds, the Principal Stated Amount will be permanently reduced by the amount so paid, and the Interest Stated Amount will be permanently reduced by an amount equal to 50 days of interest (computed at the rate of 14% per annum) on the amount of such reduction in the Principal Stated Amount, (B) to pay interest on 2005A Bonds, the Interest Stated Amount will be reduced by the amount so paid, provided that the Interest Stated Amount will be automatically reinstated in the full amount of such payment; provided, however, that the interest portion shall never be reinstated to an amount in excess of the maximum Interest Stated Amount, or (C) to pay the Purchase Price (in respect of principal and interest) on 2005A Bonds being purchased, the Principal Stated Amount and the Interest Stated Amount will be reduced by the amount so paid, provided that such amounts so reduced will be reinstated upon receipt by the Bank of funds from the Authority in the amount equal to the amount drawn under the Letter of Credit; provided, however, that the interest portion shall never be reinstated to an amount in excess of the maximum Interest Stated Amount.

The Letter of Credit will automatically terminate upon the earliest of: (i) the honoring by the Bank of the final drawing available to be made thereunder; (ii) the Bank's receipt of a surrender certificate appropriately completed and purportedly signed by an authorized officer of the Trustee and Tender Agent; (iii) the Bank's close of business on November 19, 2009 (the "Expiration Date"), the Authority may, by written notice to the Bank ("Extension Request"), request a one (1) year extension of such Expiration Date, and within sixty (60) days of receiving the Extension Request, the Bank may agree to or may decline such request for an extension in the Bank's sole and absolute discretion; provided, further, in the event the Bank fails to respond to any Extension Request by the Authority, such Extension Request will be deemed to be declined by the Bank; (iv) five (5) days following the Conversion Date relative to a conversion to an interest rate borne by the 2005A Bonds being converted to a rate other than the Daily Rate or the Weekly Rate; or (v) thirteen (13) days after the Trustee and Tender Agent's receipt of a notice from the Bank of the occurrence of an Event of Default under the Reimbursement Agreement.

Prior to its expiration, the Letter of Credit may be extended as provided therein or replaced with a substitute Letter of Credit in accordance with the provisions of the Eighteenth Supplemental Resolution. Expiration, termination or substitution of the Letter of Credit will result in a mandatory tender of the 2005A Bonds pursuant to the Eighteenth Supplemental Resolution.

THE INITIAL CREDIT AND LIQUIDITY FACILITY PROVIDER

The information in this section has been obtained from Bank of America, N.A., and the Authority and the Remarketing Agent take no responsibility for the accuracy thereof.

Bank of America, N.A. (the "Bank") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the "Corporation") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of September 30, 2008, the Bank had consolidated assets of $1,359 billion, consolidated deposits of $846 billion and stockholder's equity of $114 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2007, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the "SEC").

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at http://www.sec.gov, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation, the Bank and the foregoing merger contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by the Bank. Moody's Investors Service, Inc. ("Moody's") currently rates the Bank's long-term debt as "Aaa" and short-term debt as "P-1." The outlook is stable. Standard & Poor's currently rates the Bank's long-term debt as "AA" and its short-term debt as "A-1+." The Bank is on watch negative. Fitch Ratings, Inc. ("Fitch") currently rates long-term debt of the Bank as "AA-" and short-term debt as "F1+." The outlook is stable. Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the current ratings of the Bank's instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

THE LETTER OF CREDIT MAY BE DRAWN UPON FOR THE PAYMENTS OF PRINCIPAL AND INTEREST ON THE 2005A BONDS. PAYMENTS OF THE PURCHASE PRICE

OF THE 2005A BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE 2005A BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE 2005A BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date hereof, or that the information contained or referred to in this caption is correct as of any time subsequent to the date hereof.

2005A SWAP AGREEMENT

The 2005A Bonds, which are variable rate bonds, are hedged by an interest rate exchange agreement (a "Swap Agreement") between the Authority and Lehman Brothers Special Financing, Inc. ("LBSF") that converts the Authority's variable rate exposure relating to the 2005A Bonds to a fixed rate.

The Swap Agreement has a notional amount initially equal to the principal amount of the 2005A Bonds, automatically decreasing based on the scheduled principal amortization of the 2005A Bonds. Under the terms of the Swap Agreement, the Authority will pay LBSF a fixed rate of 5.05% and LBSF will pay the Authority a variable rate equal to the BMA (now SIFMA) Municipal Bond Index. The obligation of LBSF to make payments to the Authority under the Swap Agreement does not affect the Authority's obligation to pay, when due, the principal of and redemption premium, if any, and interest on the 2005A Bonds. No assurance can be given that the variable rates received by the Authority from LBSF under the Swap Agreement will equal or exceed the variable rates payable by the Authority on the 2005A Bonds. The Swap Agreement will expire by its terms on the final maturity date of the 2005A Bonds.

Upon the occurrence of certain events of default or termination events identified in the Swap Agreement, either the Authority or LBSF may terminate the Swap Agreement, or the Swap Agreement will terminate, in accordance with its terms. Such termination will require the payment of a termination amount by one party that attempts to compensate the other party for its economic losses at the time of termination. Which party would pay the cost of termination would depend, in major part, on then current interest rate levels, and, if interest rate levels were then lower than the fixed interest rate payable by the Authority under the Swap Agreement, the cost of termination to the Authority could be substantial. In the event of a termination of the Swap Agreement, the Authority is under no obligation to enter into another interest rate swap agreement relating to the 2005A Bonds.

An event of default on the part of LBSF has occurred due to the bankruptcy filing of LBSF and a related Lehman entity and also failure of LBSF on October 1, 2008, to make payments when due to the Authority under the Swap. These events of default provide an option for the Authority to terminate the Swap. The Authority is weighing all options before making any decision on whether or not to terminate the Swap at this time. Depending on market conditions, the calculation of the early termination payment due under the Swap could result in payment being due from the Authority thereunder. Under the terms of the Swap, LBSF as the defaulting party does not have an option to terminate the Swap since the Authority is not in default. Further, the Swap provides that the obligation of the Authority to perform its obligations under the Swap is subject to a condition precedent that, among other things, there is no event of default by LBSF thereunder. As a result, the Authority believes that its payment obligations are suspended until the defaults of LBSF are cured or the Swap is terminated. Because LBSF is in bankruptcy, if the Authority

does not exercise its rights to declare an early termination of the Swap, LBSF, as debtor-in-possession, will have the option to reject the Swap, assume the Swap or assume and assign the Swap pursuant to the provisions of the Bankruptcy Code. Any assumption of the Swap would require the curing of all defaults under the Swap. On advice of counsel, the Authority plans to wait until further events unfold before making a final decision on its response to the LBSF default.

All payments by the Authority to LBSF under the Swap Agreement, whether regularly scheduled or as a result of a termination, are payable from the General Reserve Fund and are subordinate to the payment of Bonds. Payments to be made by LBSF to the Authority under the Swap Agreement, after giving effect to any netting of payment obligations, will constitute Revenues under the Resolution, will be payable into the Revenue Fund and are pledged to the payment of Bonds.

INDEPENDENT AUDITORS

The basic financial statements of the Authority as of and for the years ended December 31, 2007 and 2006, included in this Remarketing Memorandum as Appendix B, have been audited by BKD LLP, independent auditors, as set forth in their report in Appendix B.

REMARKETING AGENT

The Remarketing Agent has agreed to use its best efforts to remarket the 2005A Bonds in accordance with the provisions of the Eighteenth Supplemental Resolution in connection with the change of Mode from the Auction Rate Mode to the Daily Mode. Wachovia Bank, National Association, is serving as the Remarketing Agent for the 2005A Bonds and will receive a placement fee and expenses in the amount of $100,000 for its services in connection with such change in Mode and thereafter will receive periodic compensation for serving as Remarketing Agent for the 2005A Bonds in the Daily Mode.

On October 3, 2008, Wachovia Corporation announced that Wells Fargo & Company and Wachovia Corporation signed a definitive agreement to merge in a transaction in which Wells Fargo & Company will acquire Wachovia Corporation in its entirety. On October 9, 2008, Wachovia Corporation issued a joint press release with Wells Fargo & Company confirming that the definitive agreement first announced on October 3, 2008, will proceed as planned.

LITIGATION

No litigation is pending or, to the knowledge of the Authority, threatened in any court to restrain or enjoin the change in Mode of the 2005A Bonds or the collection of revenues pledged or to be pledged to pay the principal of and interest on the 2005A Bonds or in any way contesting or affecting the validity of the 2005A Bonds or the Resolution or the power to collect and pledge the revenues to pay the 2005A Bonds.

TAX MATTERS

Opinion of Bond Counsel Expected to be Delivered on the Mode Change Date

In connection with the change in Mode of the 2005A Bonds from the Auction Rate Mode to the Daily Mode, Hawkins Delafield & Wood LLP is expected to deliver its opinion on the Mode Change Date that such change in Mode will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the 2005A Bonds. No opinion will be expressed regarding other federal tax consequences with respect to the 2005A Bonds.

Opinion of Bond Counsel Delivered on the Original Issue Date

In the opinion of Hawkins Delafield & Wood LLP delivered upon the original issue date of the 2005A Bonds, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on such Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on such Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with such Bonds, and Bond Counsel assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on such Bonds from gross income under Section 103 of the Code.

The Act states that interest on bonds of the Authority and the transfer thereof are nontaxable by the State of Oklahoma or any of its political subdivisions. Bond Counsel was, as of the original issue date of the 2005A Bonds, of the opinion that, under existing laws of the State of Oklahoma, interest on such Bonds is exempt from income taxation imposed by the State of Oklahoma under the Oklahoma Income Tax Act, 68 Oklahoma Statutes 2001, Section 2351 et seq., as amended; however, Bond Counsel expressed no opinion with respect to such state income tax exemption in the event such interest is or becomes includible in gross income for Federal income tax purposes. Bond Counsel expressed no opinion regarding the taxation of such Bonds or the interest thereon under any provision of Oklahoma law other than the Oklahoma Income Tax Act.

Although not covered by an opinion of Bond Counsel, legislation was enacted subsequent to the delivery of the 2005A Bonds (68 Okla. Stat. 2006 Supp. § 2358.5A effective July 1, 2006), providing that bonds issued by the Authority under the Act are exempt from the Oklahoma estate tax. Prior thereto, according to information posted on the website of the Oklahoma Tax Commission, bonds issued by the Authority under the Act were listed as exempt from the Oklahoma estate tax and the Authority also had received a letter dated January 8, 2001, from the Assistant General Counsel to the Oklahoma Tax Commission stating that the Office of the General Counsel of the Commission believed that bonds issued by the Authority under the Act were exempt from the Oklahoma estate tax.

Bond Counsel expressed no opinion regarding any other Federal or state tax consequences with respect to the 2005A Bonds. Bond Counsel rendered its opinion under existing statutes and court decisions as of the original issue date, and assumed no obligation to update its opinion after such dates to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expressed no opinion on the effect of any action after such original issue date taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2005A Bonds, or under state and local tax law.

Such opinion will not be reissued or affirmed in connection with the change in Mode of the 2005A Bonds from the Auction Rate Mode to the Daily Mode.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2005A Bonds in order that interest thereon be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of such Bonds, yield and other restrictions on investments of

The Oklaunion Power Plant operator has challenged the coal transport charges imposed by the BNSF Railroad for coal deliveries to the plant. This has resulted in extensive litigation at the Surface Transportation Board and in Federal Court. The plant is paying the railroad less than the coal transport charges alleged by BNSF, and there is a potential for back rail charges against the plant owners when the case is settled. The Authority has been reserving against the potential of the rail charges. In addition, there is a dispute between the plant owners over the cost of the litigation and the share owed by each owner. The joint owners have agreed to submit the issue of litigation expense allocation to an independent arbitrator.

Note 9: Leased Electric Plant

The Authority executed a Power Purchase Agreement for 51 MW with FPL Energy Oklahoma Wind, LLC (FPLE Oklahoma) for the development of a wind generation facility in northwestern Oklahoma. Under the Power Purchase Agreement, FPLE Oklahoma was responsible for acquiring, constructing and installing the wind project. The Authority issued a taxable limited obligation note (the Note), which is payable solely from lease payments made by FPLE Oklahoma with no recourse to the Authority (*Note 4*). The Authority used the proceeds of the Note to finance the Authority's acquisition of the wind project and has leased the wind project to FPLE Oklahoma under a long-term capital lease agreement for an amount sufficient to pay debt service, principal and interest on the Note. The Power Purchase Agreement has a term of approximately 25 years and power is sold on a take and pay basis. FPLE Oklahoma retains the operational risk related to the wind project.

The following lists the components of the lease agreement as of December 31, 2007 and 2006:

	2007	2006
Total minimum lease payments to be received	$ 94,851,382	$ 99,368,114
Less: Amounts representing interest included in total minimum lease payments	41,716,195	44,979,511
Net minimum lease payments receivable	$ 53,135,187	$ 54,388,603

Note 10: Subsequent Events

Plant Acquisition

On January 21, 2008, the Authority announced that it had partnered with Oklahoma Gas and Electric Company (OG&E) and Grand River Dam Authority (GRDA) to purchase the 1,200 MW gas-fired Redbud Power Plant near Luther, Oklahoma. OMPA will own a 13% interest, or approximately 156 MW. GRDA will own a 36% interest, and OG&E will own a 51% interest and be the operator of the plant. The transaction is expected to be completed in September 2008.

The Authority incurred approximately $3 million of various costs associated with the Redrock generating facility, which will not be constructed. Some of the costs associated with this plant will be expensed in 2008, or capitalized as part of the Redbud plant purchase, if applicable.

Auction Rate Securities

Due to monoline bond insurer exposure in the nonprime mortgage market, rating agencies have taken action by downgrading several of such insurers. As a result of these rating events, the insured ratings on some of the Authority's revenue bonds downgraded from their original Aaa/AAA levels, while the underlying credit ratings remain unchanged. Interest resets in the auction rate market have climbed subsequent to year end due to market credit concerns, and the Authority has experienced some failed auctions on its auction rate securities. In light of recent and anticipated future disruptions in the market for auction rate securities, the Authority is evaluating its options, including refunding them or converting them to other interest modes.

APPENDIX A

CERTAIN INFORMATION RELATING TO THE AUTHORITY, THE POWER SUPPLY PROGRAM AND THE PARTICIPATING TRUSTS

TABLE OF CONTENTS

Page

THE AUTHORITY 1
- Background 1
- Organization and Management 1
- Power Supply Operations 2
- Authority Rates 3
- Rate Stabilization 4
- Rate Regulation 4
- Recent Developments 4

OUTSTANDING BONDS AND OTHER INDEBTEDNESS 5
- Outstanding Parity Bonds 5
- Anticipated Additional Parity Bonds 6
- Subordinated Indebtedness 6
- Separately Secured Indebtedness; Taxable Notes 7

ESTIMATED DEBT SERVICE REQUIREMENTS 8

THE POWER SUPPLY PROGRAM 9
- Introduction 9
- Ownership Arrangements 9
- Oklaunion 1 Ownership Arrangements 10
- Dolet Hills 1 Ownership Arrangements 10
- Pirkey 1 Ownership Arrangements 11
- McClain Generating Facility 12
- Kaw Project 12
- Ponca City Power Plant 12
- Redbud Generating Facility 12
- Turk Project 13
- Power Purchase And Transmission Arrangements 13
- OG&E Agreements 14
- AEP Agreements 14
- WFEC Agreements 14
- GRDA Agreements 14
- GRDA Unit Power Sales Agreement 15
- GRDA Power Purchase and Sale Agreement 15
- WRI Agreements 15
- WRI Power Agreements 16
- Security Agreement 16
- Participating Trusts Capacity Purchase Agreements 17
- SWPA Agreement 18
- FPLE Energy Oklahoma Wind, LLC 18
- MuniGas Agreement 18
- Environmental Matters 19
- Future Power Supply Program 19

THE PARTICIPATING TRUSTS 19
- General 19
- Electric Systems and Management 20
- Rate Regulation of the Participating Trusts 21
- Description of Certain of the Beneficiary Cities and Participating Trusts 21
- Edmond 21
- Ponca City 22
- Outstanding Indebtedness of Two Largest Participating Trusts 23
- Participating Trusts' Historical Power and Energy Requirements 23
- Participating Trusts' Historical and Projected System Requirements 23
- Participating Trusts' Statistical and Financial Information 24

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY 28
- General 28
- Federal Energy Policy Act 28
- FERC Regulatory Activity 29
- Proposed Federal Deregulation Legislation 29
- Oklahoma State Electric Utility Industry Restructuring 29
- Environmental 30

APPENDIX A

THE AUTHORITY

Background

The Authority was created by the Oklahoma Legislature in 1981 as a body politic and corporate for the purpose of providing adequate, reliable and economic sources of electric power and energy to Oklahoma municipalities and public trusts operating municipal electric systems. To date, 36 public trusts have entered into long-term Power Sales Contracts with the Authority. Such Power Sales Contracts remain in effect until December 31, 2027, and thereafter until terminated upon prior notice by either party. Since 2005, the Authority has entered into amendments to the Power Sales Contracts with 35 of its Participating Trusts that provided for an extension of the notice options regarding termination from one year to fifteen years. In addition, the Authority has certain short-term supplemental power sales agreements with certain Kansas municipalities.

Under the Act, the Authority is a governmental agency of the State of Oklahoma and a body politic and corporate with the powers, in addition to other powers, to (1) acquire, construct and operate generation and transmission facilities, (2) purchase, sell, exchange and transmit electric energy within and without the State of Oklahoma and (3) issue its obligations, including the Bonds, to carry out any of its corporate purposes and powers. The Act prohibits the Authority from participating in any nuclear powered generating plant. The Act authorizes the Authority to exercise the power of eminent domain in the acquisition of certain property. Property of the Authority is exempt from Oklahoma property taxes. The Authority does not have any taxing power.

Organization and Management

Each municipality and/or public trust which has declared its intention to participate with the Authority in the development of power supply resources has a representative on the Election Committee of the Authority, which committee meets at least once a year to elect directors for the Authority's Board of Directors and conducts certain other affairs of the Authority. Having a representative on the Election Committee does not obligate such municipality or public trust to enter into a Power Sales Contract with the Authority. As of the date hereof, 42 municipalities and/or public trusts have representatives on the Election Committee, 6 of which have not entered into long-term Power Sales Contracts with the Authority.

The Authority is governed by an 11-member Board of Directors elected by the Election Committee. The bylaws of the Authority provide that the largest five Participating Trusts (based on the dollar amount of power purchases by eligible public agencies from the Authority during the next preceding fiscal year of the Authority) must have a seat on the Board of Directors. Under the Act and the bylaws of the Authority, the terms of directors are three (3) years and staggered, with approximately one-third of the Board elected each year. Directors must be residents of Oklahoma, and a representative on the Election Committee from an Eligible Public Agency with a long-term power sales contract having purchased power from the Authority for at least three years. Officers of the Authority include a Chairman, Vice Chairman, Treasurer, Secretary and one or more assistant secretaries and treasurers. James C. Joseph, the Oklahoma State Bond Advisor, is an ex officio member of the Board of Directors. Under the Act and the bylaws, the Board is broadly empowered to conduct the affairs of the Authority and to enter into agreements, contracts and obligations on behalf of the Authority.

Cindy L. Holman was named General Manager effective February 1, 2007, replacing Roland Harry Dawson, Jr., who retired after 24 years as General Manager of the Authority. Ms. Holman has

been employed by the Authority since July 1985, first as an Investment Analyst, then as Director of Financial Services from April 1990 until July 2005, and was named Director of Operations and CFO in July 2005. Prior to joining the Authority, she was Manager of Trust Investment for American Airlines, where she was employed for five years. Ms. Holman has other prior financial experience in the pension investment and cash management areas, and is a Certified Management Accountant. Ms. Holman has a Bachelors degree in Business from Central State University and a Master of Business Administration degree from the University of Texas.

Drake N. Rice has been Director of Member Services since May 1984. Prior to that time, he served as City Manager of Blackwell, Oklahoma. Mr. Rice has nine years of municipal management experience in Oklahoma. Mr. Rice has a Bachelor of Arts degree from Northeastern State College and a Master of Business Administration degree from Oklahoma State University.

David W. Osburn joined the Authority as of January 15, 2007, and holds the title of Director of Engineering and Operations. Mr. Osburn previously served as General Manager and CEO of Richmond Power & Light in Richmond, Indiana for 10 years. Mr. Osburn has served on APPA's Board of Directors and as Director and President of the Indiana Municipal Electric Association, as well as Commissioner and Vice Chairman of the Indiana Municipal Power Agency. Mr. Osburn holds a Master of Business Administration degree from Indiana Wesleyan University and a Bachelor of Science degree in Electrical Engineering from Purdue University.

The Authority has 56 employees in four functional areas: engineering; finance; member services; and planning and operations. The Authority has established its accounting records in accordance with Federal Energy Regulatory Commission ("FERC") requirements and generally accepted accounting principles and has computerized its accounting functions and cash management function.

Power Supply Operations

Under the Power Sales Contracts the Authority has agreed to sell and deliver to each Participating Trust, and each Participating Trust has agreed to purchase and receive from the Authority, the electric power and energy requirements of the customers supplied by the Participating Trust's municipal electric system, with certain exceptions noted hereinafter. The term of each Power Sales Contract extends to December 31, 2027, and thereafter until terminated upon prior notice by either party; such notice is fifteen years for 35 of the 36 Participating Trusts pursuant to a recent amendment to the Power Sales Contracts. One Participating Trust, representing less than one percent of the Authority's aggregate load in 2007, has not yet approved such amendment. If notice to terminate is given by any Participating Trust subsequent to any issuance of debt, the Authority, at its option, may increase such Participating Trust's rates to recover its share of the debt service costs by the termination date. In making any such determination, the Authority first shall mitigate any adverse consequences caused by such termination notice.

In addition, the Authority has an active off system electric power marketing effort and currently has engaged Tenaska Power Services Co. to perform marketing services for the Authority. Tenaska currently provides credit support for off-system sales through a combination of a commercial bank line of credit and a parental guaranty.

Subject to certain exceptions, the Power Sales Contracts are total requirements contracts. Subject to seven years notice, the maximum amount of power and energy that the Authority is required to furnish to each Participating Trust, and that each Participating Trust is required to take and pay for under its Power Sales Contract, may be limited either by the Participating Trust or the Authority to the Participating Trust's Contract Rate of Delivery, which shall be equal to the Participating Trust's peak demand for power under the Power Sales Contract during the 24 billing periods prior to the date such

limitation commences, adjusted by the Authority, upon the advice of the Consulting Engineer to the Authority, up or down by not more than 10% to achieve optimal utilization of the Authority's power supply resources. If the Authority exercises its Contract Rate of Delivery option, it must exercise such option with respect to all Participating Trusts. In the absence of any such election by the Authority or any Participating Trust, the provisions of the Power Sales Contracts continue unchanged. To date, no Participating Trust has given notice of the exercise of such option.

The Power Sales Contracts permit the sixteen Participating Trusts which have an allotment of Southwestern Power Administration ("SWPA") power and energy to continue to purchase power and energy from SWPA up to an aggregate of 77.7 MW of power and energy. The present SWPA contracts expire on May 31, 2012. The use of any additional allotments of SWPA power and energy to the Participating Trusts is subject to approval by the Authority. The power and energy requirements of such Participating Trusts not supplied by SWPA will be supplied by the Authority.

The Authority obtains power and energy to meet the Participating Trusts' requirements under the Power Sales Contracts from various sources. See "THE POWER SUPPLY PROGRAM" herein.

The Transmission Agreements, together with certain transmission and substation facilities owned or to be acquired by the Authority, are expected by the Authority to provide sufficient transmission service to satisfy its power supply responsibilities under the Power Sales Contracts. See "THE POWER SUPPLY PROGRAM" herein.

Authority Rates

Each Participating Trust is required to take and pay for power and energy furnished by the Authority at rates established by the Authority. Such rates are required to be established by the Authority at a level which will provide for all the Authority's revenue requirements, including debt service on the Bonds and other amounts required to be deposited in funds established under the Resolution. For additional information concerning payments by the Participating Trusts under the Power Sales Contracts, see "Payments by the Participating Trusts" in Appendix D. The Authority's revenue requirements include amounts required to comply with any rate covenant of the Authority. Under the Resolution, the Authority has covenanted to establish and collect rents, rates and charges for the output of the System which, together with other available Revenues, are reasonably expected to yield Net Revenues for the 12-month period commencing with the effective date of such rents, rates and charges equal to at least 1.10 times Aggregate Debt Service on all Bonds for such period and, in any event, as required, together with other available funds, to pay or discharge all other indebtedness, charges and liens payable out of Revenues. For purposes of this covenant, amounts required to pay Refundable Principal Installments may be excluded from Aggregate Debt Service to the extent the Authority is to make such payments from sources other than Revenues. Payments made by the Authority to Grand River Dam Authority ("GRDA") pursuant to each of the Unit Power Sales Agreement and Power Purchase and Sale Agreement and to Westar Energy ("WRI") under the WRI Participation Power Agreements will not constitute Operation and Maintenance Expenses of the Authority. The Authority is required to review and, if necessary, revise its rents, rates and charges upon the occurrence of a material change in circumstances, but in any case, at least once every 12 months. The Authority may implement changes in its rates after 60 days notice to the Participating Trusts.

The present rates charged by the Authority to Participating Trusts with long-term contracts consist of demand, energy and transmission rates. The demand component is divided between embedded capacity (which represents those costs associated with "owned" or very long-term purchase resources) and market capacity purchases. The embedded capacity is allocated to each Participating Trust on a fixed load ratio share. The Authority may choose to add additional "owned" resources to the embedded

component if the ownership component changes and the fixed load ratio share may be updated to reflect recent growth patterns associated with the requirement for the additional "owned" resources. The market capacity charge is the greater of that month's market capacity usage or 60% of the greatest market capacity demand during the previous 11 monthly billing periods. New load growth by a Participating Trust is met with the market capacity. Energy charges are allocated between embedded and marginal components and include an energy cost adjustment each month to reflect estimated fuel costs for the preceding month, trued up the following month with actual costs. Transmission costs are a separate component with a credit given for substation ownership. Those Participating Trusts with an SWPA allocation pay the Authority the marginal capacity charge and transmission charge, plus marginal energy costs when adequate SWPA energy is not available.

Rate Stabilization

The Authority reviews its rates and revenue requirements periodically and will implement rate changes as necessary to comply with its rate covenant under the Resolution. In addition to increases in revenue requirements resulting from normal recurring factors such as inflation, the Authority may experience unusually large increases in certain years. Some of these unusual increases in revenue requirements, such as those resulting from placing a large generating unit in service, may be anticipated far in advance of when the increases occur; other increases, such as those due to lengthy unscheduled outages, may not be anticipated.

Consistent with the Resolution, the Authority has taken steps to minimize, to the extent possible, the amount of the rate increases that would otherwise be necessary in years when its revenue requirements increase significantly. The Authority has established a rate stabilization program under which previously accumulated Revenues are applied toward increased revenue requirements. Under the Resolution, any Revenues allocated by Board resolutions for the rate stabilization program are to be deposited in the Rate Stabilization Account in the Revenue Fund and will not be considered in the calculation of Net Revenues for purposes of the rate covenant under the Resolution until transferred out of the Rate Stabilization Account and applied in accordance with the Resolution. As a result, the use of Revenues accumulated during any period in the Rate Stabilization Account to pay increased revenue requirements in subsequent periods will reduce the rate increases that would otherwise be necessary in such later periods to produce the Net Revenues required to meet the rate covenant. At December 31, 2007, the Rate Stabilization Account had a balance of $13,600,000. The Authority's 2008 budget does not include a withdrawal from the Rate Stabilization Account.

Rate Regulation

In the opinion of general counsel to the Authority, the power of the Authority to fix and collect rates and charges for electric power and energy sold and delivered under existing law is not subject to the regulatory jurisdiction of the Oklahoma Corporation Commission ("OCC") or any other regulatory agency or authority of the State of Oklahoma and is not subject to the regulatory jurisdiction of the FERC or any other Federal regulatory agency or authority.

Recent Developments

See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—Oklahoma State Electric Utility Industry Restructuring" herein for a discussion of legislation adopted in 1997 and proposed amendatory legislation designed to establish the broad goal of the development of a competitive electricity industry in the State.

OUTSTANDING BONDS AND OTHER INDEBTEDNESS

Outstanding Parity Bonds

The following Series of Bonds have been issued and secured on a parity under the Resolution and remain Outstanding.

Series	Dated Date	Final Scheduled Maturity	Original Principal Amount	Principal Amount Outstanding November 1, 2008
1992B	July 1, 1992	1/1/2024	$166,675,000	$113,425,000
1994A	January 1, 1994	1/1/2028	104,420,000	92,490,000
1994B	January 15, 1994	1/1/2014	45,710,000	2,790,000
2001A	March 1, 2001	1/1/2021	45,000,000	34,120,000
2001B	March 1, 2001	1/1/2027	25,575,000	25,575,000
2003A	April 1, 2003	1/1/2025	16,100,000	16,100,000
2003B	November 5, 2003	1/1/2014	19,275,000	16,440,000
2005A	October 6, 2005	1/1/2023	62,400,000	57,500,000†
2007A	March 22, 2007	1/1/2047	135,375,000	135,375,000
2008A	October 30, 2008	1/1/2038	99,330,000	99,330,000
			$719,860,000	$593,145,000

†$54,900,000 will remain Outstanding as of November 21, 2008, upon the retirement of $2,600,000 as a result of a prepayment on such date by the Authority of a sinking fund installment due January 1, 2009.

The Outstanding Bonds described in the table above are fixed-rate Bonds except for the Series 2001B Bonds, the Series 2003A Bonds and the Series 2005A Bonds which were issued as auction rate securities. As a result of market disruptions beyond the control of the Authority affecting the short-term municipal market, the Series 2001B Bonds, the Series 2003A Bonds and the Series 2005A Bonds experienced "failed auctions" beginning February 14, 2008, and as a result thereof the interest rates on such Bonds increased significantly for the auction periods thereafter.

On April 16, 2008, the Authority converted the Series 2001B Bonds and the Series 2003A Bonds from the Auction Rate Mode to the Term Rate Mode at interest rates of 3.85% for an Initial Interest Rate Period through December 31, 2011 with a Mandatory Tender Date of January 1, 2012, in the case of the Series 2001B Bonds and 3.875% through June 30, 2012, with a Mandatory Tender Date of July 1, 2012, in the case of the Series 2003A Bonds. Although the Series 2001B Bonds and the Series 2003A Bonds may be remarketed from their respective Mandatory Tender Dates in the Term Rate Mode (or converted to and remarketed in another Mode), no assurance can be given that such remarketing(s) will be successful because of a variety of factors (general market conditions, credit issues, cost and availability of liquidity facilities, changes in law or regulatory conditions and numerous other factors that could affect the cost, timing or ability of the Authority to complete such remarketing and/or conversion); in the event of such a failure, such unremarketed Bonds would bear interest after their respective Mandatory Tender Dates at 12% per annum.

The 2005A Bonds were issued initially in the Auction Rate Mode. As a result of recent market disruptions beyond the control of the Authority and the Remarketing Agent that have affected the short-term municipal market, the 2005A Bonds in the Auction Rate Mode have experienced "failed auctions" beginning February 14, 2008. However, the maximum auction rate provisions with respect to the 2005A Bonds resulted in no significant increases in interest rates thereon until the June 26, 2008, reset

at 4.966% following the rating agency downgrades of the insurer of the 2005A Bonds. The interest rate on the 2005A Bonds most recently was reset at 3.536% on November 6, 2008. Although such increase in interest rates to date has not materially adversely affected the financial position of the Authority, the Authority is taking measures to prevent or minimize adverse financial impacts that could arise by reason of continued market disruptions by changing the Mode on the 2005A Bonds. On April 16, 2008, the Authority changed the Mode on its Series 2001B Bonds and Series 2003A Bonds, also issued initially in the Auction Rate Mode, from the Auction Rate Mode to the Term Rate Mode. Upon the successful remarketing of the 2005A Bonds to a Daily Mode on the Mode Change Date, the Authority will have no other bonds outstanding under the Resolution remaining in the Auction Rate Mode.

As described under the caption "2005A SWAP AGREEMENT" in the Remarketing Memorandum, the Authority entered into a floating-to-fixed interest rate exchange agreement (the "Swap") in connection with the 2005A Bonds with Lehman Brothers Special Financing, Inc. ("LBSF"). An event of default on the part of LBSF has occurred due to the bankruptcy filing of LBSF and a related Lehman entity and also failure of LBSF on October 1, 2008, to make payments when due to the Authority under the Swap. These events of default provide an option for the Authority to terminate the Swap. The Authority is weighing all options before making any decision on whether or not to terminate the Swap at this time. Depending on market conditions, the calculation of the early termination payment due under the Swap could result in payment being due from the Authority thereunder. Under the terms of the Swap, LBSF as the defaulting party does not have an option to terminate the Swap since the Authority is not in default. Further, the Swap provides that the obligation of the Authority to perform its obligations under the Swap is subject to a condition precedent that, among other things, there is no event of default by LBSF thereunder. As a result, the Authority believes that its payment obligations are suspended until the defaults of LBSF are cured or the Swap is terminated. Because LBSF is in bankruptcy, if the Authority does not exercise its rights to declare an early termination of the Swap, LBSF, as debtor-in-possession, will have the option to reject the Swap, assume the Swap or assume and assign the Swap pursuant to the provisions of the Bankruptcy Code. Any assumption of the Swap would require the curing of all defaults under the Swap. On advice of Counsel, the Authority plans to wait until further events unfold before making a final decision on its response to the LBSF default.

Anticipated Additional Parity Bonds

The Authority financed additional costs associated with the Turk acquisition (see "THE POWER SUPPLY PROGRAM—Turk Project"), a portion of the costs associated with the Redbud Generating Facility acquisition (see "THE POWER SUPPLY PROGRAM—Redbud Generating Facility"), capitalized interest and certain other capital projects as may be approved by the Board of Directors of the Authority through the issuance on October 30, 2008, of the Series 2008A Bonds under the Resolution on a parity with the Outstanding Bonds. The Authority anticipates obtaining the additional funds to complete the Turk facility through the issuance of a subsequent series of Additional Bonds in 2010. In addition, the Authority may issue Additional Bonds to refund Outstanding Bonds from time to time under favorable market conditions.

There are a variety of factors that may affect the timing, amount and interest and other costs associated with the issuance of such Additional Bonds including general market conditions, credit issues, changes in law, and numerous factors relating to the costs and timing with respect to the construction of projects that could affect such contemplated issuance of such Additional Bonds.

Subordinated Indebtedness

Obligations of the Authority under certain existing interest rate swap arrangements entered into in connection with the Authority's 2005A Bonds described under "Outstanding Parity Bonds" above (and

described in Note 7 to the Authority's basic financial statements as of and for the year ended December 31, 2007, included in Appendix B) are subordinated to the obligations of the Authority with respect to the Outstanding Bonds under the Resolution.

Separately Secured Indebtedness; Taxable Notes

In September 2003, the Authority issued its taxable limited obligation notes in the original principal amount of $57,739,000, maturing December 31, 2028, bearing interest at 6.00% and payable in annual principal and interest installments of $4,516,732.48 (the "Taxable Notes") payable solely from lease payments agreed to be made by FPLE Energy Oklahoma Wind, LLC, a limited liability company ("FPLE Oklahoma"), for the development of a wind generation facility of approximately 51 MW aggregate nameplate capacity on a site in northwestern Oklahoma designed to generate renewable wind power from 34 1500 kW wind turbines (the "Wind Project"). FPLE Oklahoma was responsible for acquiring, constructing and installing the Wind Project which became operational on September 26, 2003, and is leased by the Authority to FPLE Oklahoma under a long-term capital lease for rental sufficient to pay debt service on the Authority's Taxable Notes. The Authority entered into a take and pay power purchase agreement with the FPLE Oklahoma for a term of 25 years. The payments under such power purchase agreement constitute the sole source of revenue to FPLE Oklahoma by which it can make its lease payments. The Taxable Notes were issued under a separate resolution and were not issued under the Resolution authorizing and securing the Outstanding Bonds and do not share in the security granted therefor under the Resolution. However, the payments made by the Authority for the purchase of energy under the power purchase agreement with FPLE Oklahoma constitute Operation and Maintenance Expenses, as such term is defined in the Resolution, which, as described under "Application of Revenues" in Appendix F, are the first priority for payment from amounts on deposit in the Revenue Account in the Revenue Fund established under the Resolution. Therefore, payments to FPLE Oklahoma under such power purchase agreement have priority over payments for debt service for bonds issued under the Resolution.

[Remainder of this page intentionally left blank]

ESTIMATED DEBT SERVICE REQUIREMENTS

The estimated annual debt service payments on the Outstanding Bonds are set forth in the following table.

ANNUAL DEBT SERVICE

Year Ending January 1	Debt Service on Outstanding Bonds†	Year Ending January 1	Debt Service on Outstanding Bonds†
2009	$ 39,741,676.89	2029	$ 19,753,827.50
2010	45,010,252.50	2030	19,753,415.00
2011	45,064,578.75	2031	19,754,922.50
2012	45,015,077.50	2032	19,753,897.50
2013	45,075,740.00	2033	19,751,687.50
2014	45,099,466.25	2034	19,751,800.00
2015	44,518,653.75	2035	19,751,887.50
2016	44,278,928.75	2036	19,754,937.50
2017	44,149,078.75	2037	19,753,800.00
2018	44,100,311.25	2038	19,756,500.00
2019	43,924,511.25	2039	10,693,750.00
2020	43,733,276.25	2040	10,694,975.00
2021	41,142,351.25	2041	10,696,575.00
2022	41,195,051.25	2042	10,697,875.00
2023	41,222,963.75	2043	10,698,200.00
2024	33,436,751.25	2044	10,696,875.00
2025	33,413,920.00	2045	10,698,225.00
2026	24,052,551.25	2046	10,696,350.00
2027	24,201,582.50	2047	10,695,575.00
2028	19,752,238.75	Total	$1,081,934,036.89

†The assumed debt service amounts set forth in this column include scheduled principal and interest on the Authority's Outstanding Series 1992B, Series 1994A, Series 1994B, Series 2001A, Series 2003B, Series 2007A and Series 2008A fixed rate issues and principal and interest requirements on the Authority's Outstanding Series 2001B, Series 2003A and Series 2005A Bonds assuming estimated interest rates of 3.85% on the Series 2001B Bonds, 3.875% on the Series 2003A Bonds and 5.05% on the Series 2005A Bonds.

The debt service amounts assumed on the Series 2001B and Series 2003A Bonds reflect principal repayment schedules adopted by the Board of Directors of the Authority (the "Board"), rather than their respective January 1, 2027, and January 1, 2025, stated maturities. The Board adopted repayment schedules to reflect the present intent of the Board to achieve its policy of level debt service, but may be changed in the future. Such prepayment schedules are as follows:

January 1	Series 2001B	Series 2003A
2021	$ 1,200,000	
2022	3,700,000	
2023	3,825,000	
2024	3,975,000	$ 2,525,000
2025	4,125,000	13,575,000
2026	4,300,000	--
2027	4,450,000	--
Total	$25,575,000	$16,100,000

Interest on the Series 2005A Bonds has been calculated at an assumed interest rate of 5.05%, which is the fixed rate payable by the Authority under the terms of the interest rate exchange agreement with LBSF, entered into in connection with the original issuance of the Series 2005A Bonds; however, the Authority's actual effective interest cost may be less or greater than 5.05% depending upon the difference between the actual interest rate on the Series 2005A Bonds and the variable rate of interest received by the Authority under such interest rate exchange agreement. However, see the discussion under "Outstanding Parity Bonds" beginning on page A-5 regarding the recent bankruptcy filing of LBSF and default under this interest rate exchange agreement and resulting uncertainties relating thereto. The debt service amounts assumed on the Series 2005A Bonds reflect scheduled mandatory sinking fund requirements established therefor.

THE POWER SUPPLY PROGRAM

Set forth below is a brief description of the power supply resources included in the Authority's Power Supply Program.

Introduction

The Authority has entered into agreements with Public Service Company of Oklahoma ("PSO") and Southwestern Electric Power Company ("SWEPCO") for the purchase by the Authority of ownership interests in one coal-fired generating unit and two lignite-fired generating units. As used herein, PSO, SWEPCO, AEP–Texas Central Company ("AEP–TCC"), and AEP–Texas North Company ("TNC") are all subsidiaries of the American Electric Power Company, Inc. In addition, the Authority entered into an agreement with Duke Energy McClain LLC ("DEMc") in 2001 whereby the Authority acquired a 23% undivided interest in a natural gas-fired combined cycle power plant developed by DEMc which became operational in June 2001 and was subsequently sold by DEMc to NRG Energy, Inc. ("NRG") and purchased by Oklahoma Gas & Electric Company ("OG&E") from NRG in 2004. The Authority also acquired ownership of both a hydroelectric generating unit, a combined cycle (repowering application) and a simple-cycle combustion turbine facility. The Authority began taking power from a wind generation facility in 2003 pursuant to an agreement with FPLE Oklahoma (see "—FPLE Energy Oklahoma Wind, LLC" hereinafter). In addition to the ownership of generating capacity, the Authority has entered into certain power purchase and transmission arrangements in order to supplement generating capacity owned by the Authority and to provide for the transmission of the Authority's power and energy to the Participating Trusts. The following discussion is a summary of certain terms and conditions of the ownership agreements and the power purchase and transmission agreements as they relate to the Authority's Power Supply Program. Further discussion of the terms and conditions of certain of these agreements is provided in Appendix E.

Ownership Arrangements

The Authority's power supply program includes power supply resources acquired by the Authority through joint ownership arrangements in four generating units as follows: (1) an 11.72% undivided ownership interest with respect to Oklaunion 1 and certain related facilities, a nominally rated 690 MW coal-fired steam-electric generating unit placed in commercial operation in December 1986; (2) a 3.906% undivided ownership interest with respect to Dolet Hills 1 and certain related facilities, a nominally rated 650 MW lignite-fired steam-electric generating unit placed in commercial operation in April 1986; (3) a 2.344% undivided ownership interest with respect to Pirkey Unit 1 and certain related facilities, a nominally rated 650 MW lignite-fired steam-electric generating unit placed in commercial operation in January 1985; and (4) McClain Generating Facility, a 23% undivided ownership interest with respect to the McClain Generating Facility and certain related facilities, a nominally rated 478 MW natural gas-fired combined cycle power plant placed in commercial operation in June 2001 and operated by OG&E. The Authority owns and operates both the Kaw Project, a hydroelectric generating unit with a nominal generation rating of 29 MW placed in commercial operation in September 1989 and the Ponca City Repowering Project, a combined cycle facility at the Ponca City Power Plant with a nominal generation rating of 59 MW placed in commercial service as a simple cycle in June 1995 and combined cycle operation in March 1996 and an LM 6000 gas turbine generator and associated equipment. The Authority is acquiring a 6.667% undivided ownership interest in an ultra-supercritical, coal-fired, baseload electric generating unit (a nominal 615 MW net output unit) currently under construction described hereinafter under "Turk Project." The Authority has entered into an Asset Purchase Agreement with OG&E and GRDA to purchase an undivided 13% interest in a 1,230 MW gas-fired, combined cycle power generating facility located in Luther, Oklahoma (the "Redbud Generating Facility") described hereinafter under "—Redbud Generating Facility." See "OUTSTANDING BONDS AND OTHER

INDEBTEDNESS—Anticipated Additional Parity Bonds" herein for a discussion of financing associated with the Turk and Redbud acquisitions.

Oklaunion 1 Ownership Arrangements

Oklaunion 1 is a nominally rated 690 MW coal-fired steam-electric generating unit located in Wilbarger County, Texas. The primary fuel for Oklaunion 1 is provided under a long-term contract for the supply of coal from the Powder River Basin in Wyoming. Oklaunion 1 is co-owned as follows: AEP–Texas North Company ("TNC")—54.69%; PSO—15.62%; Public Utilities Board of the City of Brownsville, Texas ("Brownsville")—17.97%; and the Authority—11.72%. PSO is responsible for the operation and maintenance with respect to Oklaunion 1 and for the procurement and delivery of fuel for Oklaunion 1. Central and South West Services, Inc. ("CSWS"), AEP- TCC, PSO and TNC entered into a Construction, Ownership and Operating Agreement under which PSO had a 27.34% ownership interest with respect to Oklaunion 1. The Authority and PSO entered into a Contract For Assignment under which the Authority acquired an undivided 42.86% share of the 27.34% undivided interest with respect to Oklaunion 1 previously owned by PSO, representing an undivided 11.72% ownership interest (approximately 80 MW) with respect to Oklaunion 1. (The Construction, Ownership and Operating Agreement and the Contract For Assignment collectively are hereinafter referred to as the "Oklaunion Agreement.") Pursuant to the Oklaunion Agreement, the Authority is entitled to schedule and to receive capacity and associated energy from Oklaunion 1 in amounts up to its ownership share of the maximum net output of such unit, subject to the provisions of the Oklaunion Agreement. The Authority's share of power and energy generated by Oklaunion 1 is delivered into the plant site by a 345 kV alternating current transmission switchyard.

Under the provisions of the Oklaunion Agreement, the Authority pays monthly to AEP the Authority's ownership share of the operation and maintenance expenses and capital improvement costs with respect to Oklaunion 1. The operation and maintenance costs include, among other costs, the following: (1) certain operation and maintenance costs directly chargeable to Oklaunion 1; (2) production, operation and maintenance costs of PSO allocable to Oklaunion 1; (3) certain overhead expenses of PSO charged directly to or allocated to Oklaunion 1; plus (4) 5% of the amounts determined in items (1), (2) and (3) above. The Authority also pays to AEP its share of the costs of fuel purchased, including transportation costs, for Oklaunion 1 plus an amount equal to one quarter (0.25) mill per kilowatt-hour of the Authority's share of Oklaunion 1 energy scheduled.

Dolet Hills 1 Ownership Arrangements

Dolet Hills 1 is a nominally rated 650 MW lignite-fired steam-electric generating unit located in DeSoto Parish, Louisiana. The primary fuel for Dolet Hills 1 is supplied from lignite reserves located in the vicinity of, and a portion of which is dedicated to, Dolet Hills 1. Dolet Hills 1 and all facilities required for operation of the unit, including, but not limited to, certain land, project facilities and common facilities, but excluding certain pollution control facilities, are co-owned as follows: Central Louisiana Electric Company, Inc. ("CLECO")—50%; SWEPCO—40.234%; Northeast Texas Electric Cooperative, Inc. ("NTEC")—5.860%; and the Authority—3.906%. SWEPCO retained its ownership interest in the pollution control facilities and operates such facilities to the extent reasonably necessary for the operation of the Authority's share of Dolet Hills 1. SWEPCO was responsible for the construction of Dolet Hills 1 and CLECO is responsible for the operation and maintenance of Dolet Hills 1 and for the procurement and management of fuel needed in the operation of Dolet Hills 1. Pursuant to an Ownership, Construction and Operating Agreement between SWEPCO and CLECO (the "SWEPCO—CLECO Agreement"), SWEPCO acquired a 50% ownership interest with respect to Dolet Hills 1. The Authority and SWEPCO entered into a Dolet Hills 1 Agreement for Assignment and a Dolet Hills 1 Assignment (the Dolet Hills 1 Agreement for Assignment, as amended, and the Dolet Hills 1 Assignment hereinafter

are collectively referred to as the "Dolet Hills Agreement") under which the Authority acquired its 3.906% ownership share (approximately 25 MW) with respect to Dolet Hills 1, excluding the pollution control facilities, by acquiring 7.812% of SWEPCO's 50% ownership share with respect to Dolet Hills 1. Pursuant to the Dolet Hills Agreement, the Authority also acquired a right to 3.906% of the lignite delivered for Dolet Hills 1 from a specified area (the "Lignite Rights"). The Authority is entitled to schedule and to receive capacity and energy from Dolet Hills 1, subject to the provisions of the Dolet Hills Agreement, in amounts up to its ownership share of the net capability of Dolet Hills 1. Delivery of the Authority's share of power and energy generated by Dolet Hills 1 is at the low voltage terminals of the main power transformer.

Pursuant to the Dolet Hills Agreement, the Authority pays SWEPCO monthly for its share of the operating and fuel expenses with respect to Dolet Hills 1 the sum of the following: (1) the Authority's ownership percentage of the total cost of Dolet Hills 1 (as determined by CLECO) for actual costs of operation and maintenance (excluding fuel) and overheads, power dispatching and substation operating expenses allocated by CLECO to Dolet Hills 1; (2) the Authority's pro rata share of the total production-related cost of lignite delivered from the lignite reserves and the Authority's ownership percentage share of all other fuel for Dolet Hills 1, plus an additional 5% of such cost of other fuel; (3) the Authority's ownership percentage of actual total non-production related costs associated with operation of the lignite mine; (4) an amount equal to one quarter (0.25) mill per kilowatt-hour of Dolet Hills 1 energy delivered for the Authority's account into SWEPCO's transmission system; and (5) an amount equal to SWEPCO's actual costs incurred in connection with its accounting and billing for the Authority's lignite inventory.

Pirkey 1 Ownership Arrangements

Pirkey 1 is a nominally rated 650 MW lignite-fired steam-electric generating unit located south of Hallsville in Harrison County, Texas. The primary fuel for Pirkey 1 is supplied from lignite reserves located in the vicinity of, and dedicated to, Pirkey 1. Pirkey 1 and all facilities required for operation of the unit, including, but not limited to, certain land, project facilities, common facilities and lignite reserves, are co-owned as follows: SWEPCO—85.936%; NTEC—11.72%; and the Authority—2.344%. SWEPCO was responsible for the construction of Pirkey 1 and is responsible for the operation and maintenance of Pirkey 1 and for the procurement and management of fuel needed in the operation of Pirkey 1. The Authority and SWEPCO have executed an Ownership, Construction and Operating Agreement and a Supplemental Agreement (collectively, the "Pirkey Agreement") under which the Authority acquired its 2.344% ownership share (approximately 15 MW) with respect to Pirkey 1 and related lignite reserves (the "Lignite Reserves"). The Authority is entitled to schedule and to receive capacity and energy from Pirkey 1, subject to the provisions of the Pirkey Agreement, in amounts up to its ownership share of the net capability of Pirkey 1. Delivery of the Authority's share of power and energy generated by Pirkey 1 is at the low voltage terminals of the main power transformer.

Under the provisions of the Pirkey Agreement, the Authority pays SWEPCO monthly for its share of the operating and fuel expenses with respect to Pirkey 1 the sum of the following: (1) the Authority's percentage share of production related costs of lignite from the Lignite Reserves and the Authority's percentage share of the total cost of all other fuel for Pirkey 1, plus an additional 5% of such cost of all other fuel; (2) the Authority's percentage share of actual total cost of operation and maintenance (excluding fuel) with respect to Pirkey 1, plus an additional 5% of such amount; (3) the Authority's percentage share of SWEPCO's overhead charges and expenses allocated to Pirkey 1; (4) the Authority's percentage share of other miscellaneous expenses; and (5) an amount equal to one quarter (0.25) mill per kilowatt-hour of the Authority' share with respect to Pirkey 1 energy delivered into SWEPCO's transmission system for the Authority's account.

McClain Generating Facility

The McClain Generating Facility is a nominally rated 478 MW (winter rating 520 MW) natural gas-fired combined cycle power plant located near Oklahoma City, Oklahoma, in McClain County, Oklahoma. The McClain Generating Facility was developed and constructed by Duke Energy McClain LLC ("DEMc") and it became operational in June 2001. The Authority purchased a 23% undivided ownership interest in the McClain Generating Facility from DEMc in March 2001 prior to its completion. In 2004 OG&E purchased the 77% undivided ownership interest in the McClain Generating Facility previously purchased by NRG McClain LLC from DEMc and is the plant operator.

Kaw Project

The Kaw Project, which was placed in service in 1989, is a nominally rated 29 MW hydroelectric generating unit located near Ponca City, Oklahoma. The Kaw Project utilizes the hydraulic head and water storage behind the Kaw Dam on the Arkansas River in Kay and Osage Counties, Oklahoma owned by the Federal Government and operated by the U.S. Army Corps of Engineers.

The FERC issued a license (the "FERC License") for construction of the Kaw Project to KAMO Electric Cooperative, Inc. ("KAMO") in November 1984. Subsequently, the Authority acquired the Kaw Project from KAMO and the FERC License was transferred to the Authority. The FERC License provides for the Authority to operate the Kaw Project through October 2034.

Ponca City Power Plant

The Authority entered into a Repowering Agreement, dated as of October 25, 1990 (the "Repowering Agreement"), with Ponca City, which provides for the Ponca City Repowering Project. The Ponca City Repowering Project consists of the repowering of Steam Unit No. 1 of the Ponca City Power Plant and the installation of a combustion turbine with a nominal rating of 42 MW, a waste heat boiler, and certain modifications to Steam Unit No. 1. The Repowering Agreement also provides for, but does not require, potential modifications to the controls for Steam Unit No. 1 and Steam Unit No. 2 of the Ponca City Power Plant. The Authority also determines scheduling and operation and maintenance of Steam Units Nos. 1 and 2. Steam Unit No. 1, installed in 1965, has a nameplate rating of 16.5 MW.

Under the terms of the Repowering Agreement, the Authority continues to make payment to Ponca City for the existing Steam Unit No. 1 capacity at a fixed rate of $1.40 per kilowatt-month. The Repowering Agreement, with certain exceptions, is effective until the later of December 31, 2027 or the expiration of the Power Sales Contract with Ponca City. During the term of the Repowering Agreement, the Authority will have and retain all rights, obligations and liabilities of ownership of the Steam Unit No. 1 facilities existing prior to subject modifications. Upon the termination of the Repowering Agreement, subject to certain conditions, Ponca City shall have the right to first refusal of purchase of Steam Unit No. 1 modifications from the Authority at their fair market sales value.

A GE LM6000 PC gas turbine generator and associated equipment was the fourth unit at the Ponca City Power Plant and was placed into service in June 2003. The turbine is a nominally rated 42 MW unit.

Redbud Generating Facility

Redbud Generating Facility is a 1,230 MW natural gas-fired, combined cycle electric generating plant located near Luther, Oklahoma. The plant has been operational since 2004 under ownership of Kelson Holdings. The plant consists of four trains, each of which includes a General Electric 7F gas

turbine engine, Foster Wheeler heat recovery steam generator with supplementary firing, Alsom steam turbine, two electric generators and one generator step up transformer, and associated mechanical and electrical equipment. The Redbud Generating Facility site includes a 26 inch natural gas pipeline and interconnection to OG&E's 345kv transmission system. The project was offered for sale and a consortium of OG&E, GRDA, and the Authority entered an agreement to submit a joint proposal for the purchase. The proposal was accepted by Kelson Holdings and the closing of the purchase occurred on September 29, 2008. The Asset Purchase Agreement provides that the Redbud Generating Facility shall be operated by OG&E and owned by OG&E (51%), GRDA (36%), and OMPA (13%). See "OUTSTANDING BONDS AND OTHER INDEBTEDNESS—Anticipated Additional Parity Bonds" herein for a discussion of financing associated with the Redbud acquisition.

Turk Project

A Construction, Ownership and Operating Agreement (the "Turk Agreement") has been signed with SWEPCO whereby the Authority will acquire approximately 41 MW net (6.667%) of a 615 MW net output ultra-supercritical, coal-fired, baseload electric generating unit and related facilities. Turk will be located in southwest Arkansas in Hempstead County, and will be constructed and co-owned and operated by SWEPCO. Other co-owners may include generating and transmission cooperatives in Texas and Arkansas. SWEPCO will be responsible for the construction, operation and maintenance of Turk, as well as the procurement and management of fuel needed in the operation of Turk. The Authority will be entitled to schedule and receive capacity and energy from Turk, subject to the provisions of the Turk Agreement, in amounts up to its ownership share of the net capability of Turk. Turk has an estimated commercial operation date in the third quarter of 2012, conditional upon air permit approval (estimated to be in the last quarter of 2008). Transmission will be pursuant to the Southwest Power Pool ("SPP") Open Access Transmission Tariff ("OATT"); Turk is currently being reviewed by SPP under the aggregate study process. The Authority is currently paying its share of monthly construction costs for Turk and obtained a portion of the funds for payment of its share of such construction costs through the issuance of the Series 2007A Bonds on March 22, 2007, and through the issuance of the Series 2008A Bonds on October 30, 2008, and anticipates obtaining a portion of the additional funds for such purpose through the issuance of a subsequent series of Additional Bonds in 2010. See "OUTSTANDING BONDS AND OTHER INDEBTEDNESS—Anticipated Additional Parity Bonds" herein for a discussion of financing associated with the Turk acquisition.

Power Purchase And Transmission Arrangements

The Authority's power supply program includes power purchase and transmission arrangements in order to supplement generating capacity owned by the Authority and to provide for the transmission of the Authority's power and energy to the Participating Trusts. The power purchase arrangements are as follows: (1) power and associated energy purchased from GRDA Unit No. 2 ("GRDA 2"), a nominally rated 520 MW coal-fired steam-electric generating unit which commenced commercial operation in April 1986; (2) power and associated energy purchased from certain existing generating facilities of the Participating Trusts; (3) utilization of the SWPA allocation (for scheduling purposes only); (4) firm power and energy purchased from OG&E; (5) power and associated energy purchased from certain WRI coal-fired generating units; and (6) non-firm energy purchased from other utilities. In September 2005, the Authority entered into an agreement with GRDA to purchase an additional 25 MW of system capacity, with service that commenced on May 1, 2007. The Authority entered into an agreement with WRI, as agent for Kelson Holdings, to purchase peaking power from the Redbud Generating Facility. The agreement was for unit firm capacity and associated energy for the months of June through September in 2008-2010 (contract capacity is 80 MW in 2008, 95 MW in 2009 and 120 MW in 2010). Transmission service from the Redbud Generating Facility was provided by SPP and the Authority

self-supplied the fuel. This agreement terminated upon the successful closing of the Authority's acquisition of the Redbud Generating Facility. See "—Redbud Generating Facility" hereinabove.

The Authority currently relies on the SPP OATT for its primary transmission arrangements to satisfy its power supply responsibilities under the Power Sales Contracts. The Authority has an executed Network Integrated Transmission Service Agreement with SPP and NOA with SPP and the Authority's three control area operators: OG&E; AEP, on behalf of PSO; and Western Farmers Electric Cooperative ("WFEC"). In addition, certain pre-existing transmission agreements with GRDA, SWPA's transmission service incorporated in its sales of power to their allocated customers, and transmission service purchased in conjunction with the WRI Participation Power Agreement are considered "grandfathered" and incorporated into the SPP service.

The Authority continues to maintain certain pre-OATT transmission agreements with GRDA, SWPA and WRI which provide for point-to-point service associated with resources purchased by the Authority to meet its Power Sales Contracts. The GRDA point-to-point transmission assures the GRDA 2 power purchased can be delivered to specified Authority points of delivery. The SWPA point-to-point transmission provides for delivery of the allocated SWPA hydropower to points of interconnection with the Authority's three control areas. The WRI point-to-point transmission service preserves the Authority's ability to redirect its Jeffrey resource to meet the Authority's sales contracts. Additionally, the Authority owns certain transmission and substation facilities and may acquire certain other transmission and substation facilities required to deliver power and energy to its Participating Trusts.

OG&E Agreements

The Authority has a Power Sales Agreement with OG&E under which OG&E supplies 25 MW of coal capacity and associated energy on a firm basis through December 31, 2013. The Authority has a Network Operating Agreement with OG&E by which it receives certain transmission services through the SPP OATT. In addition to this NOA, the Authority has the following agreements supporting this transmission service: (1) an Agreement for Crediting; (2) an Ancillary Services Agreement; (3) an Agreement for Metering; (4) a Credit for Facilities and Charges for Direct Assignment Facilities Agreement; and (5) an Agreement for the Self-Provision of Losses.

AEP Agreements

The Authority has a joint Network Operating Agreement with the SPP and AEP for services provided by AEP under the SPP OATT. Additional agreements exist under which the Authority receives credits for partially supplying certain ancillary services purchased from AEP and providing interconnections on the PSO system along with pooling and interchange of power and energy on the AEP West system.

WFEC Agreements

The Authority has a three-party Network Operating Agreement with SPP and WFEC under which it purchases certain transmission services under the SPP OATT, a Facilities Agreement under which it receives local delivery services from WFEC and an Ancillary Services Agreement under which it receives ancillary services on the WFEC system through the SPP OATT.

GRDA Agreements

The Authority has entered into the following agreements with GRDA: (1) a Unit Power Sales Agreement under which GRDA supplies unit power and energy generated by GRDA 2; (2) a Bulk

Transmission Service Agreement under which GRDA provides for the transmission of such GRDA 2 unit power and energy for the account of the Authority; and (3) a Power Purchase and Sale Agreement under which GRDA provides 25 MW of GRDA system capacity and energy.

GRDA Unit Power Sales Agreement

GRDA 2 is a nominally rated 520 MW coal-fired steam-electric generating unit located near Chouteau, Oklahoma which was placed into commercial operation in April 1986. The Unit Power Sales Agreement between GRDA and the Authority (as amended, the "Unit Power Agreement") provides for GRDA to sell to the Authority 25 MW of unit power and energy from GRDA's 62% ownership share of GRDA 2; provided, however, that such 25 MW shall be adjusted if that amount is less than 4.24% or more than 5.00% of the accredited net capability of GRDA 2 in megawatts. GRDA also operates and maintains GRDA 2.

Under the Unit Power Agreement, the unit power and energy purchased by the Authority is supplied to the Authority by GRDA on the basis that it is continuously available except when GRDA 2 is temporarily out of service for maintenance or forced outage. If GRDA 2 is temporarily out of service for maintenance or forced outage, GRDA will deliver replacement energy to the Authority, if it can do so without jeopardizing sales to its other customers, at rates set forth in an exhibit to the Unit Power Agreement. GRDA may provide substitute energy from other sources if the cost of such substitute energy is no greater than the cost of GRDA 2 energy. Under the Unit Power Agreement, the Authority schedules unit power and energy in amounts up to its generation entitlement percentage of the maximum generating capacity of GRDA 2. Such power and energy is delivered to the Authority at the 345 kV terminal of the substation located at the GRDA 2 site for transmission to the Authority under the Bulk Transmission Service Agreement as discussed hereinafter.

As compensation for such unit power and energy supplied by GRDA, the Authority pays GRDA monthly the sum of the following: (1) the Authority's generation entitlement percentage of monthly fixed operating costs of GRDA 2; (2) the Authority's pro rata share of monthly debt service costs attributable to GRDA 2; (3) one-twelfth of an allowance for payment of annual debt service costs associated with common facilities constructed with GRDA Unit No. 1 and allocable to GRDA 2; (4) the Authority's pro rata share of variable operating costs of GRDA 2; (5) the Authority's pro rata share of fuel costs of GRDA 2; (6) an amount equal to the cost of substitute energy delivered by GRDA to the Authority, if any; and (7) an amount equal to the cost of replacement energy delivered by GRDA to the Authority, if any.

The term of the Unit Power Agreement is to remain in effect as long as GRDA 2 is in commercial operation, but in no event beyond June 1, 2036, unless extended by GRDA and the Authority.

GRDA Power Purchase and Sale Agreement

In September 2005, the Authority entered into a Power Purchase and Sale Agreement with GRDA whereby GRDA provides 25MW of GRDA system capacity (largely coal) and associated energy on a firm basis. The service commencement date on this agreement was May 1, 2007 and continues through December 31, 2040.

WRI Agreements

The Authority has entered into the following agreements with WRI: (1) a Coal Participation Power Agreement with WRI under which WRI supplies power and energy to the Authority (the "First WRI Power Agreement"); (2) a Second Coal Participation Power Agreement with WRI under which WRI

supplies additional power and energy to the Authority (the "Second WRI Power Agreement" and, together with the First WRI Power Agreement, the "WRI Power Agreements"); (3) a Firm Transmission Service Agreement and Non-Firm Transmission Service Agreement with WRI under which WRI supplies certain transmission services related to the WRI Power Agreement (the "WRI Firm Transmission Agreement" and the "WRI Non-Firm Transmission Service Agreement" and collectively, the "WRI Transmission Agreements"); (4) An Agreement on Prepayment and Security with WRI (the "WRI Prepayment Agreement") under which the Authority may prepay all capacity related charges associated with the first Coal Participation Power Agreement and related transmission services; and (5) a Security Trust Agreement with WRI (the "Security Agreement").

WRI Power Agreements

The WRI Power Agreements provide for the Authority to purchase power and associated energy from WRI's ownership share of the Jeffrey Energy Center, a three unit coal-fired generating station. Under the WRI Power Agreements, WRI agrees to deliver 60 MW of capacity through December 31, 2013. Such capacity is to be provided in equal amounts from each of Jeffrey Energy Center's Units No. 1, 2, and 3. Such amount may be subject to pro rata reduction to the extent Jeffrey Unit No. 1, 2, or 3 is partially or totally unavailable.

The Authority has prepaid for 42 MW of this capacity pursuant to the First WRI Power Agreement. After this prepayment, the Authority only owes an energy charge which is calculated on a monthly basis by taking the monthly average fuel cost of Jeffrey Units No. 1, 2, and 3 on a per net kWh basis times the number of kWh delivered under the First WRI Power Agreement, adjusted for losses. The monthly average fuel cost is limited to fuel, limestone, and fuel handling expenses. Subject to unit availability, the Authority may schedule up to its contracted capacity in any hour and is required to schedule no less than 30% of the maximum preceding day(s) schedule during certain designated hours. The First WRI Power Agreement also provides for the Authority to purchase supplemental energy which may be available from time to time.

The Authority has purchased 18 MW under the Second WRI Power Agreement on which it owes a capacity charge of $6.90/kW-month without reduction for forced or scheduled outages. The rates for, and terms and conditions of, service under the WRI Power Agreements are not subject to change through application to FERC.

Security Agreement

WRI entered into a Security Agreement in connection with the prepayment under the First WRI Power Agreement which shall continue until December 31, 2013, unless earlier terminated in accordance with its provisions. The Security Agreement requires WRI to deposit with a trustee the unamortized balance of the prepayment in the event (i) the ratings assigned to any first mortgage bonds of WRI by any two nationally recognized rating agencies are at or below minimum investment grade, or (ii) the ratings assigned to any first mortgage bonds of WRI by any one nationally recognized rating agency is below minimum investment grade, and by any one other nationally recognized rating agency are one grade above minimum investment grade and on credit watch (or similar status) with negative trends or implications (or similar status), or (iii) such ratings are withdrawn or suspended under certain circumstances, or if certain events of bankruptcy or insolvency occur, or if the trustee under the WRI first mortgage indenture forecloses thereunder or takes possession of substantially all of WRI's facilities unless it assumes the prepayment and Security Agreement obligations. WRI had previously funded an escrow in accordance with the terms of the Security Agreement, but such amounts on deposit were returned to WRI on May 12, 2006, upon an upgrade to WRI's credit ratings on its first mortgage bonds.

If an event of default occurs under the Security Agreement, the Authority has the right to terminate the Security Agreement and require WRI to pay over to it the unamortized balance of the prepayment, together with interest thereon. Upon any early termination of the Security Agreement, the Authority shall be entitled to service under the First WRI Power Agreement as provided therein as if the prepayment had not been made.

Participating Trusts Capacity Purchase Agreements

Five of the Participating Trusts—Fairview, Kingfisher, Laverne, Mangum and Pawhuska—own and operate diesel engine generating units. Ponca City has leased its steam-electric and diesel generating units to the Authority and the Authority operates the units. Under the Authority's power supply program, these Participating Trusts have dedicated the dependable capacity of such units to the Authority pursuant to agreements between each such Participating Trust and the Authority (each, a "Capacity Purchase Agreement"). The Authority has conducted a testing program to determine the net dependable generating capability of each of the generating units. These generating units are comprised of diesel-engine generating units with a total net capability of approximately 26 MW.

The present dedicated capacity of such Participating Trusts' generating facilities has been determined by the Authority to be approximately 26 MW and of the leased capacity (consisting of a steam-electric generating unit and multiple diesels) to be about 50 MW. Capacity tests are to be conducted at least annually and the dependable capacity will be adjusted, if appropriate, on the basis of such tests. Five of the Participating Trusts operate and maintain the generating facilities and the Authority schedules the generation from such facilities. The Authority operates and maintains all of the Ponca City units. If a transmission system failure prevents the delivery of electric power and associated energy to such Participating Trust pursuant to the Power Sales Contract, such Participating Trust is allowed by the Authority to operate its generating units solely for the use of such Participating Trust. The Authority currently expects to utilize all 76 MW of dependable generating capacity as part of its power supply resources through 2009.

With certain exceptions, the Authority pays monthly to each such Participating Trust for its dedicated capacity under the Capacity Purchase Agreements certain operating and non-operating charges per kW of dedicated capacity. In accordance with a payment schedule attached to the Capacity Purchase Agreement, the charges presently are as follows: (1) for non-operating dedicated capacity in kWs, a fixed charge of $1.40 per kW and a variable charge of $0.62 per kW, and (2) for the maximum amount of operating dedicated capacity in kilowatts scheduled by the Authority (excluding test runs), the payments made under item (1) above plus a variable charge of $0.62 per kW. The variable charge is adjusted each March 1 in accordance with the annual change in the Consumer Price Index for all items. The Authority also pays each such Participating Trust for the actual cost of fuel incurred in generating and delivering the energy to the Authority. Under the lease agreement with Ponca City, the Authority is responsible of all operation and maintenance expenses on Steam Unit No. 2 and the diesels. The Authority can retire any diesel it determines to be uneconomic to repair. In accordance with a payment schedule attached to the lease agreement, the Authority pays Ponca City $0.75 per kW for diesel capacity and $0.80 per kW for steam capacity.

In December 2006, the Authority served notice to Fairview, Kingfisher, Mangum, Pawhuska and Ponca City (diesel capacity only) to terminate the Capacity Purchase Agreements effective December 31, 2009.

SWPA Agreement

Sixteen of the Participating Trusts through their respective municipal beneficiaries have an allocation of SWPA power which entitles them to receive a portion of the power and associated energy generated by the Federal hydroelectric projects in Oklahoma, Missouri and Arkansas. The amount of SWPA power which each such Participating Trust is allocated ranges from 600 kW for Manitou to 32,500 kW for Duncan, for a total SWPA allocation for these Participating Trusts of 92,700 kW.

Under a contract between SWPA and the Authority (the "SWPA Contract"), the Authority, as the power supplier for such Participating Trusts, schedules, transmits or displaces, and accounts for, the Federal power and energy delivered by the Authority, for the account of SWPA, and purchased by such Participating Trusts. Pursuant to the SWPA Contract, the Authority is responsible for providing the power and energy requirements of each such Participating Trust in excess of its Federal power and energy.

The SWPA Contract is effective until May 31, 2012, unless terminated earlier pursuant to the provisions of the SWPA Contract.

FPLE Energy Oklahoma Wind, LLC

The Authority partnered with FPLE Energy Oklahoma Wind, LLC ("FPLE Oklahoma") to build a wind generation facility of approximately 51 MW aggregate nameplate capacity on a site in northwestern Oklahoma designed to generate renewable wind power from 34 1500 kW wind turbines (the "Wind Project"). The Wind Project began producing power on September 26, 2003, and was the first large scale commercial wind energy project to become operational in the state. FPLE Oklahoma constructed and installed the Wind Project, and the Authority issued Taxable Electric Revenue Limited Obligation Notes Series 2003 (the "Taxable Notes") which are payable solely from lease payments made to the Authority by FPLE Oklahoma. The Authority used the proceeds of the Taxable Notes to finance the Authority's acquisition of the Wind Project and has leased the Wind Project to FPLE Oklahoma under a long-term capital lease for rental sufficient to pay debt service on the Taxable Notes.

The Authority entered into a Power Purchase Agreement dated March 27, 2003, with FPLE Oklahoma; such agreement has a termination date of December 31, 2028. FPLE Oklahoma retains the operational risk related to the Wind Projects. The payments under the Power Purchase Agreement constitute the sole source of revenue to FPLE Oklahoma by which it would make its lease payments. The Taxable Notes were issued under a Note Purchase Agreement with the note holder and were not issued under the Resolution authorizing and securing the Outstanding Bonds and do not share in the security granted therefor under the Resolution. However, the payments made by the Authority for the purchase of energy under the Power Purchase Agreement constitute Operation and Maintenance Expenses, as such term is defined in the Resolution, which as described under "Application of Revenues" in Appendix F, are the first priority for payment from amounts on deposit in the Revenue Account in the Revenue Fund established under the Resolution. Therefore, payments to FPLE Oklahoma under the Power Purchase Agreement have priority over payments for debt service for bonds issued under the Resolution.

MuniGas Agreement

On February 1, 2008, the Authority entered into a Joint Gas Purchase Contract (the "Joint Contract") with Municipal Gas Acquisition and Supply Corporation ("MuniGas") for a term ending December 31, 2012, extending by one year each December 31 unless either party elects not to do so. Under the Joint Contract, the Authority agrees to purchase its requirements of natural gas for qualified use at specified plants through the MuniGas program, thereby qualifying the Authority for price discounts on

the commodity. The specified plants are the Ponca City units, the McClain facility, and the Redbud Generating Facility, and gas used to generate power for the Authority's native load qualifies for the discounts.

Environmental Matters

Environmental Regulations. Oklaunion 1, Dolet Hills 1, Pirkey 1, McClain Generating Facility, the Kaw Project and the Ponca City Repowering Project are subject to environmental regulation by federal, state and local authorities. Such regulations include air quality control standards relating to, among other matters, the acceptable amount of sulfur dioxide, nitrogen oxides and particulate discharges. The inability to comply with environmental standards or deadlines could result in reduced operating levels or complete shutdown of individual generating units not in compliance. In addition, compliance with environmental standards or deadlines may substantially increase capital and operating costs.

Hazardous Toxic Materials Regulations. Since the enactment by the Congress of the Resource Conservation & Recovery Act, the Toxic Substances Control Act and the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or "Superfund," the electric utility industry has been subjected to increasing levels of environmental regulation and monitoring of hazardous and toxic materials and wastes. The Authority expects the co-owners of the plants it has a co-ownership interest in to take any actions necessary to ensure that such plants remain in compliance with federal, state and local requirements relating to the generation, treatment, storage and disposal of hazardous and toxic materials and wastes and to ensure employee protection and minimize exposure to hazardous materials.

See "Environmental" under "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY" herein.

Future Power Supply Program

The capacity acquired and the power to be purchased by the Authority under the Power Supply Program, including minor market purchases, are projected by the Authority to be sufficient to meet the Authority's power supply obligations through 2013. The Authority will continue negotiations and planning studies with respect to additional power supply resources to be included in the Authority's power supply program to meet the Authority's power supply requirements beyond 2013. Such power supply resources may include acquisition of ownership interests in coal-fired or gas-fired generating units of other utilities in the region, installation of simple or combined cycle generating units by the Authority, or additional power purchases.

Under the Pirkey Agreement, the Authority has the option to participate in future generating units constructed by SWEPCO at the Pirkey Plant site in the same percentage as its then ownership percentage in Pirkey Unit No. 1. Under the Dolet Hills Agreement, the Authority has the option to participate in any future generating units constructed by SWEPCO at the Dolet Hills Plant site in the same percentage as its then ownership percentage in Dolet Hills Unit No. 1.

THE PARTICIPATING TRUSTS

General

The 36 Participating Trusts, created under 60 O.S. 2001, §§176, *et seq.*, are located throughout Oklahoma with the exception of the panhandle and the southeast portion of the State.

Based on recent population estimates, the Participating Trusts range in size from Goltry, with a population of approximately 241, to Edmond, with a population of approximately 76,680, and the 36 Participating Trusts served municipalities with a total population of 224,081.

On September 1, 2008, the Authority began supplying power to the Purcell Public Works Authority pursuant to a long-term Power Sales Contract dated July 7, 2008. Purcell had an estimated population of 6,077 as of July 1, 2007, according to estimates of the U.S. Census Bureau. In 2007, Purcell had a coincident peak demand of 16,200 kW and total energy requirements of approximately 63,588 MWh. Purcell has a hydroallocation from SWPA of 14,500 kW. Historical data presented below on the Participating Trusts does not include data for Purcell.

For the year ended December 31, 2007, the Participating Trusts had a noncoincident peak demand of approximately 641.4 MW and total energy requirements of approximately 2,389,215 MWh. As reflected in the following table, two Participating Trusts together accounted for 51% of the Participating Trusts' calendar year 2007 aggregate noncoincident peak demand and energy requirements.

2006 Population Estimates and
2007 Peak Demand and Energy Requirements
of Two Largest Participating Trusts

Participating Trust	2006 Population Estimate	2007 Noncoincident Peak Demand MW	% of Total	2007 Energy Requirements 1,000 MWh	% of Total
Edmond	76,680†	232.2	36.2%	833.04	34.9%
Ponca City	24,710	100.4	15.6	379.43	15.9
Totals	101,390	332.6	51.8%	1,212.47	50.8%

†Edmond population estimate as of June 30, 2007.

Electric Systems and Management

Most of the Participating Trusts lease multiple revenue producing facilities from their beneficiaries, including electric, water and sanitary sewer systems, solid waste facilities, hospitals and other facilities. While each such facility may be operated separately and, to some extent, the Participating Trusts may record revenues and expenditures thereof separately, the majority of the Participating Trusts combine the operation and the revenues and expenditures of all leased revenue producing facilities for purposes of securing indebtedness and unified accounting. Accordingly, revenues derived from the operation of an electric system may be available to pay for costs of operation (including debt service) of a water or sewer system and vice versa. In addition, some beneficiaries subsidize the operation of the leased facilities by periodic transfers of other available funds, such as municipal sales tax receipts, to the Participating Trusts and some Participating Trusts periodically transfer surplus revenues to their beneficiary.

Management of each Participating Trust's utility systems is vested in a board of trustees. Generally, the instrument creating the Participating Trust permits the trustees thereof to employ a manager to oversee the operation of the utility system(s) and other trust property. Accordingly, in most instances the day-to-day operation of the utility system(s) is managed by employees of the Participating Trust, who may also be the city manager or town administrator of the beneficiary municipality. In certain

other instances, as provided by city charter or ordinances, management of the utility system(s) is vested in a utility manager who is not the same person as the city manager.

Rate Regulation of the Participating Trusts

Rates and charges for electric service provided by each Participating Trust to its respective customers are established by the board of trustees comprising the governing body of the Participating Trust, subject to the power of the municipality that is beneficiary of the trust to regulate such rates as hereinafter described. Generally, rates for electric service, or in the case of electric systems comprising a part of an integrated utility system, for the integrated utility system, are set in an amount, which, when combined with other available sources of funds, is sufficient to pay the costs of operation and maintenance of the system, to pay debt service on all obligations secured by the revenues of the system, including maintenance of required reserves, and to provide surplus monies in an amount deemed proper by the trustees to be returned to the beneficiary municipality for any lawful purpose not inconsistent with the instruments creating the Participating Trust, and governing issuance of bonds or other obligations of the Participating Trust.

Each Participating Trust is a public trust, a legal entity separate and distinct from the city or town which owns and has leased its electric system to the Participating Trust. The trustees of each Participating Trust are generally the same persons comprising the governing body of the beneficiary city or town. In the opinion of the Authority's general counsel, under present Oklahoma law the ultimate power to regulate charges for electric service rendered by the Participating Trust remains in the beneficiary city or town. However, because the same persons generally comprise the governing bodies of both the Participating Trust and the beneficiary city or town, the Authority considers it highly unlikely that rates set by the Participating Trust would be disapproved or modified by the beneficiary city or town.

Description of Certain of the Beneficiary Cities and Participating Trusts

Selected demographic data and other descriptive information on the two largest Participating Trusts and their beneficiary cities is set forth below. The 2007 demand and energy requirements of these Participating Trusts represented approximately 51% of the total 2007 aggregate noncoincident peak demand and energy requirements of all of the Participating Trusts. The remaining Participating Trusts and their beneficiaries can be characterized generally as rural communities with economies based largely on agriculture and/or activities related to the oil and gas industry. See "Participating Trusts' Statistical and Financial Information" herein.

Edmond

The City of Edmond is situated in the center of the state and is contiguous with the northern boundary of Oklahoma City. The City of Edmond covers an area approximately 87 square miles, was incorporated in 1890, and has an estimated population of 76,680. The City of Edmond features quiet suburban living with a central business district, major shopping and office areas, and spacious residential developments. Currently, cost of living figures are 9.6% below the national average. The City of Edmond has adopted a charter and operates under a Council-Manager form of government pursuant to the charter; the legislative authority is vested in a five member elected council, consisting of one council member from each of the four wards and the Mayor, who serves as council member at large.

The leading employers include Edmond Public Schools (2,132), University of Central Oklahoma (1,073), City of Edmond (664), Edmond Regional Medical Center (510) and UnitParts (430). Sales and use taxes were $41,300,705 for fiscal year ended June 30, 2007, or 6% higher than the prior fiscal year. Considering City of Edmond's sales tax rate of 3.25% in effect for both years, this translates into an

increase in taxable sales of $72.4 million from the prior year. For the fiscal year ended June 30, 2007, the net assessed valuation of taxable property in the City of Edmond was $665,816,604, an increase of 10.4% from the prior year.

The City of Edmond provides electric, water, wastewater, drainage, and solid waste services to its residents under the legal entity of the Edmond Public Works Authority. The Edmond Public Works Authority is a public trust created under applicable Oklahoma statutes on October 6, 1970, with the City of Edmond named as the beneficiary thereof. The City Council serves as the governing body (Trustees) of the Edmond Public Works Authority. The Edmond Public Works Authority leases, among other things, the municipal electric system of the City of Edmond and operates the same as part of an integrated system for purposes of debt security. The Edmond Public Works Authority provides service from the electric system within the City of Edmond, serving approximately 33,598 customers as of June 30, 2007. For the fiscal year ended June 30, 2007, total operating revenues for the combined system were $91,492,737 and total operating expenses were $82,415,936.

Ponca City

The City of Ponca City, chartered as a village in 1895 and incorporated as a city four years later, encompasses an area of approximately 16 square miles and had a population of 24,710 according to 2006 population estimates. Ponca City is located in Kay County, in the extreme north central portion of Oklahoma. Ponca City has a modified Council-Manager form of government operating under a city charter; the legislative and policy making body consists of a Mayor and four Commissioners who are elected at large. For the year ended June 30, 2007, the net assessed valuation of taxable property in Ponca City was $102,938,360.

The major components of Ponca City's industrial base are oil and gas exploration, production and refining. In addition, Ponca City's industries include food processing, computer service and manufacturers of fabricated steel and oil field equipment. Conoco-Phillips Inc., a major oil and gas company active in exploration, production, refining and distribution, employs approximately 1,500 persons in Ponca City. Other major employers are Ponca City Public Schools (755), Ponca City Medical Center (453), Tyson Foods (700) and Air Systems Components (400). Sales and use taxes for the City of Ponca City totaled $11,919,397 for fiscal year ended June 30, 2007.

The Ponca City Utility Authority was created in 1970 as a public trust for the benefit of Ponca City to finance, develop and operate the electric, water, wastewater, stormwater, and solid waste facilities. The current City Commission serves as the governing body (Trustees) of the Ponca City Utility Authority. The Ponca City Utility Authority leases, among other things, the electric system from the City and operates the same as part of an integrated system for purposes of debt security. The Ponca City Utility Authority provides service from the electric system within Ponca City, serving approximately 15,984 customers as of June 30, 2007 (excluding Conoco-Phillips Inc., which obtains its electricity from other sources). For the fiscal year ended June 30, 2007, the combined system had total operating revenues of $44,824,263 and total operating expenses of $37,671,662.

[Remainder of this page intentionally left blank]

Outstanding Indebtedness of Two Largest Participating Trusts

Set forth in the table below are the total principal amounts as of June 30, 2007, of the outstanding long-term indebtedness of the electric, water and sewer systems of the two largest Participating Trusts (described above) payable from revenues of the respective systems. The amounts listed in the table below include the present value of long-term capital leases, and are payable from the same sources as the payments under the Power Sales Contracts. For additional financial information concerning the two largest Participating Trusts, see "Participating Trusts' Statistical and Financial Information" herein.

Participating Trust	Total Indebtedness (Principal)
Edmond	$90,190,636
Ponca City	$26,548,442

Participating Trusts' Historical Power and Energy Requirements

The following table presents the aggregate power and energy requirements, as metered at the delivery point of each Participating Trust's electric system, during the five-year period ended December 31, 2007.

Participating Trusts' Aggregate Historical Power and Energy Requirements

	Noncoincident Peak Demand		Metered Energy	
Year	MW	Percent Increase (Decrease)	1,000 MWh	Percent Increase (Decrease)
2003	606.9	5.20%	2,191.04	0.86%
2004	573.2	(5.55)	2,180.07	(0.50)
2005	600.0	4.68	2,325.40	6.67
2006	660.3	10.05	2,410.84	3.67
2007	641.4	(2.86)	2,389.21	(0.90)

Participating Trusts' Historical and Projected System Requirements

Each of the projections set forth under this caption has been made by the Authority based in part upon certain assumptions made by it with respect to events expected to occur in the future and upon information furnished it by others. The Authority believes these assumptions are reasonable and that the information furnished to it is reliable, although it has not independently verified such information and offers no assurance with respect thereto. To the extent that actual conditions vary from those assumed or from the information provided by others, the actual results will vary from those forecasted, and such variances could be substantial.

Under the terms of the Power Sales Contracts, the Authority has the responsibility of supplying the total power and energy requirements of each Participating Trust, with the exception of the 15 Participating Trusts with SWPA allocations. The Authority's responsibility relative to these Participating Trusts is to supply the power and energy requirements in excess of such Participating Trusts' SWPA power and energy allocation.

The following table sets forth historical and projected system energy and coincident peak demand requirements of the Participating Trusts for periods ending December 31, adjusted for losses.

Participating Trusts' Aggregate
Historical and Projected System Requirements

Year	Peak Demand MW	Energy 1,000 MWh
Historical		
2003	611.4	2,191.0
2004	582.6	2,180.1
2005	615.7	2,325.4
2006	664.3	2,410.8
2007	653.6	2,389.2
Projected		
2008	669.9	2,472.6
2009	696.7	2,584.4
2010	705.1	2,621.6
2011	713.9	2,659.9
2012	722.8	2,699.1

Participating Trusts' Statistical and Financial Information

The data presented under this subcaption have been compiled by the Authority from information provided to the Authority by the Participating Trusts, including their audited financial reports and other sources believed to be reliable. The Participating Trusts are, in many cases, small communities with minimal record keeping capability. Consequently the data may not be available for all Participating Trusts in each category and data made available are not always presented in a manner which lends to uniform presentation. While the Authority has attempted to reconstitute the data and present it here consistently, that goal cannot always be accomplished. Nevertheless the Authority believes the data presented are, to the extent available, accurate and presented here in a reasonable manner.

Most of the Participating Trusts lease multiple revenue producing facilities from their beneficiaries, including electric, water and sanitary sewer systems, solid waste facilities, hospitals and other facilities. While each such facility may be operated separately and, to some extent, the Participating Trusts may record revenues and expenditures thereof separately, the majority of the Participating Trusts combine the operation and the revenues and expenditures of all leased revenue producing facilities for purposes of securing indebtedness and unified accounting. Accordingly, revenues derived from the operation of an electric system may be available to pay for costs of operation (including debt service) of a water or sewer system or vice versa. In addition some beneficiaries subsidize the operation of the leased facilities by periodic transfers of other available funds, such as municipal sales tax receipts, to the Participating Trusts and some Participating Trusts periodically transfer surplus revenues to their beneficiary. The Participating Trusts operate integrated utility systems.

The selected statistics of the Participating Trusts presented in Table 1 provide the population, system requirements, number of customers, and energy sales from power sales by customer category for the Participating Trusts for the calendar years 2003 through 2007. Data for the two largest Participating Trusts are presented individually, while data for the remaining 33 Participating Trusts are presented in the aggregate.

The information presented in Tables 2 and 3 summarizes and restates the operating results of the two largest Participating Trusts for the fiscal years 2003 through 2007 (each fiscal year ends on June 30).

The information contained in Tables 1 through 3 is extracted from, among other sources, audited financial statements of the respective Participating Trusts. These financial statements were not examined by the auditors of the Authority. The Authority has not verified the data contained in Tables 1 through 3 and does not make any representations as to the correctness of the information contained therein.

TABLE 1

OKLAHOMA MUNICIPAL POWER AUTHORITY

Participating Trusts' Population and System Requirements

Population	Total	Edmond	Ponca City	Other
2006 Estimates*	218,004	76,680	24,710	116,614
2000 (U.S. Census)	213,540	68,315	25,919	119,306

*Population estimate for Edmond as of June 30, 2007.

System Requirements for Calendar Year:				
-2007-				
System Peak Demand (MW)	641.4	232.3	100.4	308.7
System Energy Total (MWh)	2,389,215	833,037	379,430	1,176,747
-2006-				
System Peak Demand (MW)	660.3	236.2	103.3	320.8
System Energy Total (MWh)	2,410,842	838,092	382,601	1,190,149
-2005-				
System Peak Demand (MW)	600.0	209.9	96.5	293.6
System Energy Total (MWh)	2,325,405	794,098	380,516	1,150,791
-2004-				
System Peak Demand (MW)	573.2	197.0	93.0	283.2
System Energy Total (MWh)	2,180,073	734,824	362,064	1,083,185
-2003-				
System Peak Demand (MW)	606.9	203.8	99.5	303.6
System Energy Total (MWh)	2,191,037	736,052	362,853	1,092,132

[Remainder of this page intentionally left blank]

TABLE 2

EDMOND PUBLIC WORKS AUTHORITY
Summary of Operating Results (Integrated Utility System)

Fiscal Year Ended June 30	**2007**	**2006**	**2005**	**2004**	**2003**
Customers					
Residential	29,913	29,513	28,605	27,812	27,004
Commercial	3,289	3,423	3,218	3,045	2,925
Industrial & Other	413	249	249	255	252
Total Customers	33,615	33,185	32,072	31,112	30,181
System Requirements (**Note 1**)					
Peak Demand (kW)	232,295	236,158	209,881	196,979	203,799
Total Metered Energy (kWh)	833,037,288	838,092,326	794,098,358	734,823,969	736,052,095
Energy Sales (kWh) (**Note 2**)					
Residential	445,608,186	441,526,582	423,312,000	400,307,042	381,219,218
Commercial	204,208,832	147,527,657	125,363,278	121,310,168	122,821,224
Industrial & Other	124,497,010	178,826,174	175,868,294	184,792,204	175,026,627
Total Energy Sales	774,314,028	767,880,413	724,543,572	706,409,414	679,067,069
Operating Revenues (Electric System only)					
Charges for Services, net of bad debt expense	59,495,319	62,273,487	49,303,502	49,179,513	44,196,755
Permits and Other Fees	0	0	0	0	7,890
Miscellaneous	191,081	69,743	0	41,892	132,645
Charges for services	0	11,265	0	0	0
Intergovernmental	0	31,039	0	191,729	0
Total Operating Revenues	59,686,400	62,385,534	49,303,502	49,413,134	44,337,290
Operating Expenses (Electric System only)					
Personal Services	3,452,691	3,286,049	2,976,463	2,760,081	2,534,682
Materials and Supplies	274,003	380,229	257,490	301,284	212,408
Maintenance, Operations and Contractual Services	6,574,296	5,703,612	5,073,985	4,461,571	4,287,497
Wholesale Electricity Purchases	45,578,422	47,721,590	35,281,607	34,076,098	30,416,179
Economic Development	405,305	393,511	382,050	382,050	0
Depreciation and Amortization	2,069,578	1,859,569	1,582,703	1,494,191	1,695,961
Total Operating Expenses	58,354,295	59,344,560	45,554,298	43,475,275	39,146,727
Operating income (loss)	1,332,105	3,040,974	3,749,204	5,937,859	5,190,563
Investment Income	616,680	303,436	344,453	139,242	333,531
Interest Expense & Fiscal Charges	(83,960)	(95,258)	(99,520)	(104,480)	(131,113)
Miscellaneous Income (Deductions)	(2,119)	1,896	65,066	21,598	0
Loss on Disposal of Assets	0	0	0	0	(1,503)
Extraordinary Item-gain on fire damage	(155,571)	0	0	0	0
Transfers to (from) other funds	937,449	(2,967,533)	(2,496,053)	(3,244,385)	(2,974,258)
Net Income (Loss)	$ 2,644,584	$ 283,515	$ 1,563,150	$ 2,749,834	$ 2,417,220
Total Debt Service on Bonds (**Note 3**)	$260,622	$243,390	$248,281	$1,368,777	$280,048

Note 1 The peak demand and total metered energy information is based upon years ending December 31.
Note 2 The numbers for energy sales were calculated by summing the monthly load control surveys.
Note 3 The debt service numbers were calculated by summing the Principal Paid and the Interest Paid line items as stated in the City's Statement of Cash Flows for Proprietary Funds.

TABLE 3

PONCA CITY UTILITY AUTHORITY
Summary of Operating Results (Integrated Utility System)

Fiscal Year Ended June 30	**2007**	**2006**	**2005**	**2004**	**2003**
Customers					
Residential	13,926	14,011	14,044	14,025	14,139
Commercial	1,965	1,930	1,943	1,920	1,929
Industrial	42	38	38	42	24
Other	1,474	1,439	1,425	1,424	1,428
Total Customers	17,407	17,418	17,450	17,411	17,520
System Requirements (**Note 1**)					
Peak Demand (kW)	100,375	103,251	95,517	93,001	99,501
Total Metered Energy (kWh)	379,430,204	382,601,253	376,711,261	362,063,963	362,853,088
Energy Sales (kWh) (**Note 2**)					
Residential	155,770,797	157,518,337	148,226,188	150,641,707	149,944,595
Commercial	108,521,111	109,345,971	106,220,706	109,607,293	108,081,049
Industrial	79,071,472	74,365,625	72,199,487	71,490,272	51,431,492
Other	13,344,702	11,769,892	11,370,543	12,471,020	14,161,785
Total Energy Sales	356,708,082	352,999,825	338,016,924	344,210,292	323,618,921
Operating Revenues (Electric System only)					
Utility charges for service	30,059,382	31,331,255	25,677,637	26,381,147	23,504,169
Penalties and Miscellaneous	0	20,000	20,070	5,123	329,576
Total Operating Revenues	30,059,382	31,351,255	25,697,707	26,386,270	23,833,745
Operating Expenses (Electric System only)					
Personal Services	1,671,333	1,474,302	1,436,130	1,398,939	1,469,375
Materials and Supplies	63,642	215,862	239,968	315,272	167,443
Maint, oper & contractual services	2,026,238	1,977,037	1,742,090	1,706,363	801,984
Electricity Purchased	20,898,275	22,127,254	17,217,592	17,273,792	15,703,467
Bad Debt	0	0	0	0	70,449
Depreciation and Amortization	1,307,888	1,294,710	1,316,830	1,076,485	1,007,243
Capital Outlay	0	0	0	0	0
Total Operating Expenses	25,967,376	27,089,165	21,952,610	21,770,851	19,219,961
Operating Income (Loss)	4,092,006	4,262,090	3,745,097	4,615,419	4,613,784
Nonoperating Revenue (Expenses)					
Investment Income	225,661	196,144	154,102	103,999	130,956
Loss on assets transferred to funds	(14,542)	0	(102,107)	(12,142)	0
Gain (loss) on disposal of assets	18,456	0	0	0	0
Interest Expense & Fiscal Charges	(27,801)	(31,401)	(34,719)	(36,432)	(41,300)
Proceeds from grants	0	0	0	0	2,250
Capital contributions	7,679	0	0	0	0
Net transfers From (To) accts/funds	(4,166,215)	(4,042,144)	(3,957,520)	(3,832,307)	(4,332,695)
Change in Net Assets	$ 135,244	$ 384,689	$ (195,147)	$ 838,537	$ 372,995
Total Debt Service on Bonds (**Note 3**)	$95,301	$106,401	$101,695	$99,633	$111,301

Note 1 The peak demand and total metered energy information is based upon years ending December 31.
Note 2 The numbers for energy sales were calculated by summing the monthly load control surveys.
Note 3 The debt service numbers for 2004-2007 were provided by Ponca City Utility Authority. For 2003, the debt service numbers were calculated by summing the Payments on Revenue Bonds Principal and the Interest Expense Paid line items as stated in the City's Combining Statement of Cash Flows for the Authority.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

General

The electric utility industry in general has been, and in the future may be, affected by a number of factors which could impact upon the financial condition and competitiveness of an electric utility and the level of utilization of generating facilities, such as those of the Authority. One of the most significant of these factors is the efforts on national and local levels to restructure the electric utility industry from a heavily regulated monopoly to an industry in which there is open competition for power supply service on both the wholesale and retail level. In addition, such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) changes that might result from a national energy policy, (d) increasing competition from independent power producers and marketers and brokers, (e) "self generation" by certain industrial and commercial customers, (f) issues relating to the ability to issue tax exempt obligations, (g) service restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax exempt obligations, (h) changes from projected future load requirements, (i) increases in costs, and (j) shifts in the availability and relative costs of different fuels. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways. In addition, see "—Oklahoma State Electric Utility Industry Restructuring Matters" below.

The Authority cannot determine with certainty what effects such factors will have on its business operations and financial condition, but the effects could be significant. The following is a brief discussion of certain of these factors. However, this discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is, and will be, available from sources in the public domain, and potential purchasers of the securities of the Authority should obtain and review such information.

Over the next few years the United States Environmental Protection Agency ("EPA"), the states, and local jurisdictions may issue new regulations governing emissions from many types of power plants. These regulations could effect combustion turbines and other types of plants, as well as the costs of purchased power from affected sources.

Federal Energy Policy Act

The Energy Policy Act of 1992 (the "Energy Policy Act") made fundamental changes in the Federal regulation of the electric utility industry, particularly in the area of transmission access. The purpose of these changes, in part, was to bring about increased competition in the wholesale electric power supply market. These changes have increased, and will continue to increase, competition in the electric utility industry. The Authority cannot predict what further effects such increased competition will have on the electric utility industry. The Authority cannot predict what further effects such increased competition will have on the business and financial condition of the Authority. The authority for regulation of retail wheeling, which allows a retail customer located in one utility's service area to obtain power from another utility or from non-utility sources, is specifically excluded from the enhanced authority granted to FERC under the Energy Policy Act. Many believe that this leaves authority for regulation of retail wheeling with the state legislative and regulatory bodies, which, in several states, have acted on or are now acting on requests for this service. One effect of this is that utilities with low-cost power are better able to compete for new and existing loads.

FERC Regulatory Activity

To effectuate the transmission access provisions of the Energy Policy Act, FERC issued two rules on April 24, 1996. The first of these rules, Order No. 888, (i) requires all FERC-regulated utilities to offer non-discriminatory, open-access transmission services to entities seeking to effect wholesale power transactions, under terms and conditions that are comparable to the services that they provide to themselves, and (ii) requires non-FERC regulated utilities (including municipal and consumer-owned utilities) that purchase transmission services from a FERC-regulated utility to provide, in turn, non-discriminatory, open-access transmission services back to such FERC-regulated utility under terms and conditions that are comparable to the services that they provide to themselves. The second rule, Order No. 889, (i) implements standards of conduct to ensure that utilities that offer open-access transmission services and their affiliates do not have an unfair competitive advantage in using transmission to sell power and (ii) requires those utilities to share electronically (via the internet) important information regarding the pricing and availability of transmission services.

Proposed Federal Deregulation Legislation

The Energy Policy Act of 2005 enacted and signed by the President in the Summer of 2005 did not include provisions for consumer choice of retail electric suppliers. It is unknown whether any further federal legislative efforts will be proposed. The Authority is not able to predict the extent to which any such electric utility restructuring legislation (i) would provide retail customers of investor-owned electric utilities, and possibly customers of consumer owned utilities, including utilities owned by municipalities and other political subdivisions, with some form of ability to choose their supplier of electricity by a date certain, (ii) might (or might not) provide for some form of stranded cost recovery, (iii) may (or may not) provide protection of the Federal tax exemption of the interest on bonds previously issued by municipalities and other political subdivisions for electric generation, transmission and distribution facilities that are used in wholesale or retail competition, but may prohibit future tax exempt financing of some or all of such facilities, (iv) may, under certain circumstances, adversely affect the tax exemption of interest on bonds previously issued for such purposes or require payment by utilities owned by municipalities or other political subdivisions of federal income tax on a portion of their utility income, and (v) may contain provisions, among others, relating to customer protection, transmission reliability and access, environmental matters, and the development and or utilization of certain renewable energy resources.

The Authority is not able to predict the final form of any such legislation which might be enacted into law, nor what effect any such new law (if enacted) will have on the Authority or on the exclusion from Federal gross income of interest on indebtedness of the Authority.

Oklahoma State Electric Utility Industry Restructuring

The Oklahoma Legislature passed the Electric Restructuring Act of 1997, which established the broad goal of the development of a competitive electric industry. The Act stated that consumers should be allowed to choose among retail electric suppliers by July 1, 2002. Subsequent events in other states caused the Legislature to revisit the concept and delay implementation of retail customer choice indefinitely. The state of the law in Oklahoma now is that consumer choice of retail electric energy suppliers will not be implemented until further enabling legislation is adopted by the Legislature and signed by the Governor.

House Bill 1739 ("HB1739") was passed by the Oklahoma Legislature as Chapter 263 in the 51st Legislature 2008 Second Session on May 23, 2008, to become effective January 1, 2009. This new law provides for good faith negotiation between retail electric suppliers, including municipal electric systems,

to divide territory in annexed areas within municipal boundaries. If retail electric suppliers reach an agreement, it is to be submitted to the Oklahoma Corporation Commission ("OCC") for approval as in the public interest. If the parties cannot reach an agreement, the OCC shall divide the affected area between retail electric suppliers so that one supplier shall be the exclusive supplier in the affected area. HB1739 also purports to grant certain retail electric suppliers the right to use public ways within a municipality without obtaining a franchise or the consent of the municipality. Municipalities consider HB1739 to be contrary to the Oklahoma Constitution, which provides that a franchise must be approved by a majority of the electors within that municipality. A legal challenge to HB1739 is likely. HB1739 provides that its provisions are connected and dependent and if any provision is declared unconstitutional then the entirety thereof must be declared invalid. The Authority is unable to predict the likelihood of the outcome of any litigation involving HB1739 or the impact thereof on the Authority or the Participating Trusts, but does not believe that any resulting impact would be materially adverse to the Authority or the Participating Trusts.

The Participating Trusts may not be able to opt into the Electric Restructuring Act of 1997 as long as the Power Sales Contracts remain effective in their current form. The Resolution permits amendments to the Power Sales Contracts as described in "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION—Power Sales Contracts; Amendment" in Appendix F.

Environmental

Electric utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the System will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

Climate change and greenhouse gas management is a growing local, state and federal concern. The enactment of renewable portfolio standards and carbon constraint regulations is being considered in various jurisdictions. The Authority already has established a portfolio of renewable energy resources including wind and hydropower that would satisfy any standards enacted in the nation to date.

The Authority cannot predict at this time whether any additional legislation or rules will be enacted which will affect the operations of the Authority and the Participating Trusts, and if such laws or rules are enacted, what the costs to the Authority and the Participating Trusts might be in the future because of such action.

A number of electrical industry studies have been conducted regarding the potential long-term health effects resulting from exposure to electromagnetic fields ("EMF") created by high voltage transmission and distribution equipment. At this time, any relationship between EMF and certain adverse health effects appears inconclusive; however, electric utilities have been experiencing challenges in various forms claiming financial damages associated with electrical equipment which create EMF. At this time, it is not possible to predict the extent of the cost and other impacts which the EMF concern may have on electric utilities, including the Authority and the Participating Trusts.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY

[This Page Intentionally Left Blank]

Oklahoma Municipal Power Authority

A Component Unit of the State of Oklahoma

Accountants' Reports and Financial Statements

December 31, 2007 and 2006

BKD LLP

[This Page Intentionally Left Blank]

Oklahoma Municipal Power Authority
A Component Unit of the State of Oklahoma
December 31, 2007 and 2006

Contents

Independent Accountants' Report on Financial Statements and Supplementary Information 1

Management's Discussion and Analysis 2

Financial Statements

Balance Sheets 5

Statements of Revenues, Expenses and Changes in Fund Equity 6

Statements of Cash Flows 7

Notes to Financial Statements 8

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors
Oklahoma Municipal Power Authority
Edmond, Oklahoma

We have audited the accompanying basic financial statements of Oklahoma Municipal Power Authority (the Authority), a component unit of the State of Oklahoma, as of and for the years ended December 31, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Municipal Power Authority as of December 31, 2007 and 2006, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

BKD LLP

March 4, 2008

Oklahoma Municipal Power Authority
A Component Unit of the State of Oklahoma
Management's Discussion and Analysis
Years Ended December 31, 2007 and 2006

This section of the Oklahoma Municipal Power Authority's (the Authority) annual financial report presents our discussion and analysis of the Authority's financial performance for the years ended December 31, 2007, 2006 and 2005. Please read it in conjunction with the financial statements, which follow this section. The following table summarizes the financial condition and operations of the Authority.

Assets

	2007	2006	2005
Utility plant, net	$ 245,923,174	$ 232,646,840	$ 241,066,811
Noncurrent investments	72,803,331	33,993,110	48,614,119
Other assets	113,997,908	114,532,491	115,875,449
Current assets	182,132,621	89,380,581	69,361,086
Total assets	$ 614,857,034	$ 470,553,022	$ 474,917,465

Liabilities and Fund Equity

Long-term debt, net	$ 517,370,377	$ 394,874,784	$ 406,960,409
Current portion of long-term debt	15,988,621	15,223,416	12,197,468
Other current liabilities	44,734,174	29,443,201	27,414,790
Deferred revenues – rate stabilization	13,600,000	9,800,000	8,800,000
Total liabilities	591,693,172	449,341,401	455,372,667
Fund equity			
Invested in capital assets, net of related debt	(21,455,343)	(30,734,443)	(29,304,224)
Restricted	28,784,332	47,542,997	45,772,117
Unrestricted	15,834,873	4,403,067	3,076,905
Total fund equity	23,163,862	21,211,621	19,544,798
Total liabilities and fund equity	$ 614,857,034	$ 470,553,022	$ 474,917,465

Revenues, Expenses and Changes in Fund Equity

	2007	2006	2005
Operating revenues			
System	$ 124,207,543	$ 147,483,546	$ 131,236,364
Off-system	17,527,201	12,702,759	29,610,377
Nonoperating revenues			
Interest income	3,249,209	3,064,891	3,108,922
Gain on sale of assets	5,144,473	1,361,564	682,111
Lease revenue	3,263,316	3,334,264	3,401,196
Deferred costs	672,024	1,358,355	2,771,269
Total revenues	154,063,766	169,305,379	170,810,239
Operating expenses	129,556,244	142,495,447	143,648,307
Nonoperating expenses			
Interest expense	22,023,541	22,584,044	23,326,188
Amortization	3,434,682	3,505,889	3,472,243
(Increase) decrease in fair value of investments	(2,902,942)	(946,823)	786,272
Other	—	—	250,000
Total expenses	152,111,525	167,638,557	171,483,010
Net increase (decrease) in fund equity	$ 1,952,241	$ 1,666,822	$ (672,771)

Financial Highlights

Revenues from operations were lower in 2007 compared to 2006. Energy sales to participants were 16% lower in 2007 compared to 2006 due to milder weather and reduced loads in 2007.

The total cost of power to members decreased 7.9 % in 2007. This cost decrease was primarily the result of reduced reliance on energy fueled by natural gas, increased production of hydro power and increased market energy sales in 2007.

The adjustment of investments to market value had a favorable impact in 2007 of $2,902,942 compared to a favorable adjustment of $946,823 in 2006. The adjustment was an unfavorable $768,272 in 2005. However, the Authority typically holds all investments until maturity, so the market value gains and losses during the term of the investments are not normally realized.

The Authority issued $135,375,000 Series 2007A Power Supply System Revenue Bonds on March 22, 2007. The proceeds of this issue will be used for the construction of the John W. Turk Jr., power plant, the acquisition of the Redbud generating plant, construction costs of the OMPA headquarters building and other miscellaneous projects. A portion of these funds were intended for the construction of the Redrock generating facility, which has subsequently been cancelled. The 2007A bonds carry a fixed interest rate of 4.125% to 4.54% and are due January 2028 thru January 2047.

The Authority issued Series 2005A Revenue Refunding Bonds on October 6, 2005, to refund the remaining Series 1990A bonds. The Series 2005A bonds have a variable interest rate which is established by auction each seven-day period. In addition, the Series 2005A bonds are tied to an interest rate swap which effectively hedges the interest rate to 5.05%. A refunding loss of approximately $4.9 million was recorded and will be amortized over the life of the issue. The refunding provided a present value refunding savings of 5.7% of the refunded bonds or an approximate annual debt service savings of $300,000.

Net deferred costs recoverable in future years represent the amount by which depreciation/amortization exceeds principal repayment on debt. The Authority sets rates to cities on a cash basis utilizing essentially level debt service, and the deferred costs allow the Authority to convert from cash-based rates to accrual accounting. Net deferred cost will become a reduction in net income in approximately 2009 when the principal repayment exceeds depreciation and amortization.

Utility Plant and Debt Administration

Utility Plant

Net utility plant increased $13.3 million in 2007 as a result of costs accumulated on generating plant construction projects. Net utility plant decreased $8.4 million in 2006 as a result of depreciation and the sale of the remaining Edmond office land and warehouse.

At December 31, 2007, electric utility plant in service was $161.6 million, net of depreciation. Electric plant consisted of generation plant in the amount of $159.6 million that represents ownership in 121 megawatts of undivided ownership in plants in both Texas and Louisiana, 110 megawatts of the undivided ownership in the McClain plant, plus 137 megawatts of generating plant owned and operated by the Authority in Oklahoma. Electric plant also includes lignite reserves that totaled $2 million at year end 2007.

The Authority also has $5.3 million of general plant, net of depreciation, consisting of substation facilities and a small amount of transmission lines. In 2006, the Authority sold the remaining land at its Edmond, Oklahoma, headquarters location, along with a warehouse at the same location. The Authority received $1,050,000 cash and a parcel of land valued at $696,000, which resulted in a gain of $1,236,331 on the transaction. In October 2005, the Authority sold its headquarters facility in Edmond, Oklahoma, a gain on the sale was recorded in the amount of $678,000. See *Note 3* to the financial statements for further information.

Debt Administration

Revenue bonds outstanding at year end 2007 were $508,475,000, including the current portion of debt paid January 2, 2008. This amount excludes the FPL Wind Energy note of approximately $53,135,000 that is secured by lease revenues from FPL Wind Energy. The revenue bonds outstanding in 2006 and 2005 were $387,070,000 and $398,085,000, respectively. The current portion of revenue bonds payable at year end 2007 in the amount of $14.6 million was paid in January 2008.

Contacting the Authority's Financial Management

Questions about this report or requests for additional financial information can be directed to:

OMPA
Manager of Accounting Services
P.O. Box 1960
Edmond, Oklahoma 73083-1960

Oklahoma Municipal Power Authority
A Component Unit of the State of Oklahoma
Balance Sheets
December 31, 2007 and 2006

Assets

	2007	2006
Utility Plant, at Cost		
Utility plant in service	$ 299,157,997	$ 297,721,378
Less accumulated depreciation	132,228,394	121,803,384
	166,929,603	175,917,994
Construction in progress	25,858,384	2,340,243
Leased electric plant, net	53,135,187	54,388,603
	245,923,174	232,646,840
Noncurrent Restricted Investments	34,927,571	31,197,828
Noncurrent Investments	37,875,760	2,795,282
Other Assets		
Unamortized bond issue costs	3,890,603	2,522,070
Unamortized organization costs and other assets	1,281,295	1,366,714
Net deferred costs recoverable in future years	91,804,575	91,132,552
Capacity pre-payment	17,021,435	19,511,155
	113,997,908	114,532,491
Total noncurrent assets	432,724,413	381,172,441
Current Assets		
Cash and cash equivalents	7,873,708	5,880,260
Investments	12,059,880	20,659,615
Interest receivable	737,096	377,812
Accounts receivable	11,483,110	10,546,760
Inventory	3,698,342	2,911,688
Other current assets	441,151	474,851
Restricted cash and cash equivalents	24,722,564	3,986,208
Restricted investments	119,831,342	44,322,238
Restricted interest receivable	1,285,428	221,149
Total current assets	182,132,621	89,380,581
Total assets	$ 614,857,034	$ 470,553,022

See Notes to Financial Statements

Liabilities and Fund Equity

	2007	2006
Long-term Debt		
Revenue bonds payable	$ 493,815,000	$ 373,100,000
Less unamortized net discount	5,414,548	6,015,251
Less unamortized loss on advance refunding of bonds	22,836,641	25,345,152
	465,563,811	341,739,597
Note payable	51,806,566	53,135,187
	517,370,377	394,874,784
Deferred Revenues – Rate Stabilization	13,600,000	9,800,000
Total noncurrent liabilities	530,970,377	404,674,784
Current Liabilities		
Accounts payable	24,005,366	14,942,742
Accrued expenses	9,026,815	7,215,621
Interest payable	11,701,993	7,284,838
Current portion of long-term debt	15,988,621	15,223,416
Total current liabilities	60,722,795	44,666,617
Total liabilities	591,693,172	449,341,401
Fund Equity		
Invested in capital assets, net of related debt	(21,455,343)	(30,734,443)
Restricted – expendable for		
Debt service	19,662,209	19,137,823
Capital acquisitions	492,890	19,748,817
Specific operating activities	8,629,233	8,656,357
Unrestricted	15,834,873	4,403,067
Total fund equity	23,163,862	21,211,621
Total liabilities and fund equity	$ 614,857,034	$ 470,553,022

[THIS PAGE INTENTIONALLY LEFT BLANK]

Oklahoma Municipal Power Authority
A Component Unit of the State of Oklahoma
Statements of Revenues, Expenses and Changes in Fund Equity
Years Ended December 31, 2007 and 2006

	2007	2006
Operating Revenues		
System	$ 124,207,543	$ 147,483,546
Off-system	17,527,201	12,702,759
	141,734,744	160,186,305
Operating Expenses		
Purchased power	42,230,086	69,256,467
Generation	61,238,054	48,214,770
Transmission	9,761,251	9,462,632
Other operating expenses	6,039,166	5,538,116
Depreciation	10,287,687	10,023,462
	129,556,244	142,495,447
Operating Income	12,178,500	17,690,858
Nonoperating Revenues (Expenses)		
Interest income	3,249,209	3,064,891
Net increase in fair value of investments	2,902,942	946,823
Gain on sale of assets	5,144,473	1,361,564
Lease revenue	3,263,316	3,334,264
Amortization of organization costs	(85,420)	(85,420)
	14,474,520	8,622,122
Interest and debt expense		
Interest expense – revenue bonds	(18,760,225)	(19,249,780)
Interest expense – other	(3,263,316)	(3,334,264)
Amortization of loss on bond refundings, discount and bond issue costs	(3,349,262)	(3,420,468)
	(25,372,803)	(26,004,512)
Net nonoperating expenses	(10,898,283)	(17,382,390)
Net Deferred Costs Recoverable in Future Years	672,024	1,358,355
Increase in fund equity	1,952,241	1,666,823
Fund Equity, Beginning of Year	21,211,621	19,544,798
Fund Equity, End of Year	$ 23,163,862	$ 21,211,621

Oklahoma Municipal Power Authority
A Component Unit of the State of Oklahoma
Statements of Cash Flows
Years Ended December 31, 2007 and 2006

	2007	2006
Cash Flows from Operating Activities		
Cash received from customers	$ 148,355,331	$ 162,837,418
Cash paid to suppliers	(111,313,353)	(123,310,941)
Cash paid to employees	(4,055,868)	(3,583,605)
Net cash provided by operating activities	32,986,110	35,942,872
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	318,730,000	207,223,017
Purchases of investments	(421,549,339)	(211,168,884)
Lease receivable (advance) receipts	(76,901)	(37,260)
Income received on investments	1,828,337	3,059,959
Net cash used in investing activities	(101,067,903)	(923,168)
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of bonds, net of premium	135,375,000	—
Payments of bond issuance costs	(1,640,097)	—
Capital expenditures for utility plant	(17,637,148)	(3,453,252)
Interest paid on long-term debt	(18,760,225)	(19,528,292)
Principal payments on long-term debt	(13,970,000)	(11,015,000)
Proceeds from sale of capital assets	7,444,067	1,050,000
Net cash provided by (used in) capital and related financing activities	90,811,597	(32,946,544)
Increase in Cash and Cash Equivalents	22,729,804	2,073,160
Cash and Cash Equivalents, Beginning of Year	9,866,468	7,793,308
Cash and Cash Equivalents, End of Year	$ 32,596,272	$ 9,866,468
Consisting of		
Cash and cash equivalents	$ 7,873,708	$ 5,880,260
Restricted cash and cash equivalents	24,722,564	3,986,208
Total cash and cash equivalents	$ 32,596,272	$ 9,866,468
Noncash Items from Investing and Capital and Related Financing Activities		
Change in fair value of investments	$ 2,902,942	$ 946,823
Accretion of discount on investments	$ 427,867	$ 104,669
Reduction of note payable and depreciation expense on leased electric plant	$ 1,253,416	$ 1,182,468
Capital expenditures for utility plant included in accounts payable	$ 5,920,159	$ 614,472
Capital assets received in trade	$ —	$ 696,000

See Notes to Financial Statements

	2007	2006
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 12,178,500	$ 17,690,858
Adjustments to reconcile net operating revenues to net cash provided by operating activities		
Depreciation	10,287,687	10,023,462
Amortization of other assets included in operating expenses	2,865,131	2,868,163
Deferred revenues – rate stabilization	3,800,000	1,000,000
Changes in assets and liabilities which provided (used) cash		
Accounts receivable	(936,350)	1,651,113
Inventory	(786,654)	39,133
Other current assets	142,116	(125,045)
Accounts payable and accrued expenses	5,435,680	2,795,188
Net cash provided by operating activities	$ 32,986,110	$ 35,942,872

Oklahoma Municipal Power Authority
A Component Unit of the State of Oklahoma
Notes to Financial Statements
December 31, 2007 and 2006

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

Nature of Operations

The Oklahoma Municipal Power Authority (the Authority) is a governmental agency of the state of Oklahoma created in 1981 pursuant to the Oklahoma Municipal Power Authority Act to provide a means of municipal electric systems in Oklahoma to jointly plan, finance, acquire and operate electrical power supply facilities necessary to meet the electrical energy requirements of their consumers. As an agency of the State of Oklahoma (the State), the Authority is subject to the Oklahoma Bond Oversight Commission, is bound by many state statutes related to units of the State and the Authority's employees are eligible to participate in the State retirement plan. The Authority is a discretely presented component unit of the State and is included in the financial statements of the State.

On July 1, 1985, the Authority began to sell electric power to its participating municipalities under Power Sales Contracts. The Power Sales Contracts have a primary term through December 31, 2027. In 2005, Amendment No. 1 to the Power Sales Contract was executed by the Authority and over 99% of the Authority's load. Amendment No. 1 provides for a rolling 15-year notice of termination of the Power Sales Contract by either the Authority or the participating municipalities commencing in 2013. No participating municipality has given a notice of termination and neither has the Authority. Under the Power Sales Contract, either the participating municipality or the Authority may limit the power and energy to be purchased or provided. The Authority has not elected to limit its obligation to provide power and energy under the Power Sales Contracts, nor have any of the participating municipalities elected to limit their obligation to purchase full requirements power from the Authority.

The Authority has a 100% ownership interest in a 64 megawatts (MW) combined cycle generation facility and a 29 MW hydroelectric generating facility. The Authority has 100% ownership of a gas unit in Ponca City, Oklahoma, with a generating capacity of 42 MW. The Authority also has joint ownership of 23%, 11.72%, 3.906% and 2.344% in four other generating facilities, having total generating capacities of 478 MW, 690 MW, 650 MW and 650 MW, respectively. All of the joint ownership facilities are operated by other entities. The Authority has also entered into certain power purchase and transmission arrangements in order to supplement generating capacity owned by the Authority and to provide for the transmission of the Authority's power and energy to the participating municipalities.

The Authority bills participants and other power purchasers monthly for power used. The terms generally require payment within 20 days of the billing date. The Authority does not require participants or other power purchasers to collateralize the obligation related to power billed.

Use of Estimates

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

System of Accounts and Basis of Accounting

The Authority's accounts are maintained in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission, as required by the Power Sales Contracts with the participating municipalities, and in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting, including the application of Statement of Financial Accounting Standards (SFAS) No. 71, *Accounting for the Effect of Certain Types of Regulation*, as the statement relates to the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process.

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, the Authority utilizes all applicable GASB Statements and only Financial Accounting Standards Board Statements issued on or before November 30, 1989, and that do not conflict with or contradict GASB pronouncements, as the Authority's accounting principles.

The Authority considers electric revenues and costs that are directly related to generation, purchase, transmission and distribution of electricity to be operating revenues and expenses. Revenues and expenses related to financing and other activities are reflected as nonoperating.

Utility Plant and Depreciation

Utility plant is recorded at cost, including capitalized net interest cost on borrowed funds used for construction of utility plant. Capitalized net interest cost on borrowed funds includes amortization of bond discounts and bond premiums, interest expense and interest income.

Depreciation of generating facilities in which the Authority holds an undivided ownership interest is calculated on a straight-line basis using a group-composite method over the expected services' lives, which range from 20 to 45 years. Depreciation of other utility plant is calculated on a straight-line basis using the estimated useful lives of the depreciable property, which range from three to 10 years. Retirements together with removal costs, less salvage value, are charged to accumulated depreciation based upon average unit cost.

The cost of major replacements of property in excess of $250 is capitalized to utility plant accounts. The cost of maintenance, repairs and replacements of minor items of property is expensed as incurred.

Cash Equivalents

The Authority considers investments in government security money market funds to be cash equivalents.

Investments and Investment Income

The Authority accounts for investments at their fair value. Fair value is determined using quoted market prices. Investment income includes interest income and the change in the fair value of the investments.

Accounts Receivable

Accounts receivable are stated at the amount billed plus any accrued and unpaid interest. Accounts receivable are ordinarily due 20 days from the billing date. Accounts that are unpaid after the due date bear interest at a local bank's prime rate per month.

Inventory Pricing

Inventory consists of fuel stock and is stated at the average cost.

Bond Issuance Costs and Unamortized Loss on Advance Refundings

Financing costs incurred in connection with the issuance of Power Supply System Revenue Bonds and losses on advance refundings of previous bonds have been deferred. These amounts are being amortized over the life of the respective bonds in accordance with the Authority's rate-making policy.

Organization Costs

Development activity costs incurred by the Authority through June 30, 1985, are included in organization costs. Such costs are being amortized on a straight-line basis over 37 years in accordance with the Authority's rate-making policy.

Net Deferred Costs Recoverable in Future Years

The Power Sales Contracts with the participating municipalities provide for billings to those municipalities for output and services of the generating facilities, for payment of current operating and maintenance expenses (excluding depreciation and amortization), for payment of scheduled debt principal and interest, and for deposits in certain funds, all in compliance with the bond resolutions. Net deferred costs recoverable in future years represent the amount by which depreciation/amortization exceeds principal repayment on debt. The Authority sets rates to cities on a cash basis utilizing essentially level debt service, and the deferred costs allow the Authority to convert from cash-based rates to accrual accounting. Net deferred cost will become a reduction in net income at such future time as the principal repayment exceeds depreciation and amortization. Annual budgets and changes in power rates are approved by the Authority's Board of Directors. During 2007 and 2006, billings to participating municipalities under Power Sales Contracts were $116,191,972 and $133,341,103, respectively.

Deferred Revenues – Rate Stabilization

The Authority designs its electric service rates to recover costs, as defined above, of providing power supply services. In order to minimize possible future rate increases, each year the Authority determines a rate stabilization amount to be charged or credited to revenues. The rate stabilization deferrals were $3,800,000 and $1,000,000 in 2007 and 2006, respectively. These amounts are reflected as increases in deferred revenues – rate stabilization in the accompanying balance sheets. Rate stabilization deferrals or reductions are approved by the Board of Directors through the budget approval process.

Capacity Prepayment

In 1994, the Authority entered into a 20-year agreement with Westar Energy that requires Westar Energy to provide capacity and transmission services. The Authority has paid its obligation under the agreement and recognized the payment as an other asset. The asset is being amortized using the straight-line method over the term of the agreement. Under certain circumstances related to Westar Energy credit rating, the Authority may require repayment or collateralization for the remaining prepayment amount.

Derivative Financial Instruments

The Authority has used commodity price swap contracts to hedge the effects of fluctuations in the prices of natural gas during the Authority's peak sales periods of the summer. The contracts required the Authority to pay a fixed price for natural gas and receive a variable price based upon common indexes. These transactions meet the requirements for hedge accounting, including high correlation. Realized gains or losses on the commodity price swap contracts are recorded as either a reduction of or an addition to fuel costs. There were no outstanding commodity price swap contracts at December 31, 2007 and 2006.

In addition, the Authority has entered into an interest rate swap (*Note 7*) to synthetically cap the effects of the short-term fluctuations in the variable interest rates. The contract requires the Authority to pay a fixed rate and receive a variable price based upon indices. This transaction meets the requirements for hedge accounting, including high correlation. Realized gains or losses on the interest rate swap are recorded as either a reduction of or an addition to interest expense.

Fund Equity

Fund equity of the Authority is classified in three components. Fund equity invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable fund equity is noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Authority, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted fund equity is remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

Risk Management

The Authority manages its risks through coverages provided by private insurers for workers' compensation, employee dishonesty and boiler/machinery and other property risks by the State of Oklahoma's Risk Management Administration for automobile and tort liabilities. The Authority's coverages were substantially similar in 2007 and 2006.

Income Taxes

The Authority is exempt from Federal income taxes as it is a political subdivision of the State. The Authority is exempt from Oklahoma state income taxes as provided under the Municipal Power Authority Act.

Major Customers

The Authority currently serves 35 municipalities in Oklahoma and four partial requirements customers, five of which accounted for approximately 66% and 64% of the Authority's operating revenues (two of which accounted for 49% and 46% of the Authority's operating revenues) for the years ended December 31, 2007 and 2006, respectively.

Reclassifications

Certain reclassifications have been made to the 2006 financial statements to conform to the 2007 financial statements presentation. These reclassifications had no effect on the change in fund equity.

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State; bonds of any city, county, school district or special road district of the State; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

None of the Authority's bank balances of $1,998,156 and $2,405,848 were exposed to custodial credit risk at December 31, 2007 and 2006, respectively.

Investments

The management of the investments is under the custody of the Authority's management. Investing is performed in accordance with the formally adopted investment policies of the Authority. The funds may be invested in (1) direct obligations of the United States government of which the full faith and credit of the United States government is pledged; (2) certificates of deposit at savings and loan associations and banks, which are federally insured or when the funds are secured by acceptable collateral; (3) savings accounts at savings and loan associations and banks, to the extent they are fully federally insured; (4) any bonds or other obligations guaranteed by any agency or corporation that has been created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; (5) bonds, notes or other evidences of the indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by two nationally recognized rating agencies in their highest rating category; (6) repurchase agreements secured by 1 or 4 above provided collateral is kept safe by a representative of the Authority; and (7) interests in portfolios of money market instruments containing obligations described above. Any uninvested funds shall be deposited in a bank or banks within Oklahoma that are approved and designated by the Board of Directors of the Authority. The management of investments in the bond funds is performed in accordance with applicable bond indentures.

At December 31, 2007 and 2006, the Authority had the following investments and maturities:

	December 31, 2007				
		Maturities in Years			
Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. agencies obligations	$ 204,694,554	$ 131,891,323	$ 67,749,181	$ 4,054,070	$ 1,000,080
Money market mutual funds	30,830,955	30,830,955	—	—	—
	$ 235,525,509	$ 162,722,278	$ 67,749,181	$ 4,054,070	$ 1,000,080

	December 31, 2006				
		Maturities in Years			
Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury obligations	$ 98,376,000	$ 65,380,062	$ 29,032,953	$ 2,987,355	$ 975,630
Money market mutual funds	7,762,812	7,762,812	—	—	—
	$ 106,138,812	$ 73,142,874	$ 29,032,953	$ 2,987,355	$ 975,630

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits investments of operating and maintenance funds with a term beyond five years to a total of $11 million, with $4 million of this amount invested at 10 years or less. The debt service reserve accounts may be invested beyond 10 years provided the yield is adequate. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The various bond indentures limit the types of investments the Authority may invest in and the related credit risk of those investments. At December 31, 2007 and 2006, the Authority's investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated as follows:

Investment	Moody's	S&P
U.S. agency securities not directly guaranteed by the U.S. government	Aaa	AAA
Money market mutual funds	Aaa	AAAm

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Authority's investments at December 31, 2007 and 2006, are held by the counterparties in the Authority's name.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer. At December 31, 2007, the Authority's investment in agency obligations of Federal National Mortgage Association, Federal Home Loan Bank and Federal Home Loan Mortgage Corporation constituted 35.21%, 38.13% and 6.87%, respectively, of its total investments. At December 31, 2006, the Authority's investment in agency obligations of Federal National Mortgage Association and Federal Home Loan Mortgage Corporation constituted 18.80% and 27.83%, respectively, of its total investments.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2007	2006
Carrying value		
Deposits	$ 1,765,316	$ 2,702,619
Investments	235,525,509	106,138,812
	$ 237,290,825	$ 108,841,431
Included in the following balance sheets captions		
Cash and cash equivalents	$ 7,873,708	$ 5,880,260
Investments – current	12,059,880	20,659,615
Noncurrent investments	37,875,760	2,795,282
Restricted cash and cash equivalents	24,722,564	3,986,208
Restricted investments – current	119,831,342	44,322,238
Noncurrent restricted investments	34,927,571	31,197,828
	$ 237,290,825	$ 108,841,431

Investment Income

Investment income for the years ended December 31, 2007 and 2006, consisted of:

	2007	2006
Net interest and accretion income	$ 3,249,209	$ 3,064,891
Net decrease in fair value of investments	2,902,942	946,823
	$ 6,152,151	$ 4,011,714

Note 3: Electric Utility Plant

Electric utility plant assets activity for the years ended December 31, 2007 and 2006, were:

	2007			
	December 31, 2006	Additions	Retirements	December 31, 2007
Nondepreciable plant				
Construction work in progress	$ 2,340,243	$ 25,003,106	$ (1,484,965)	$ 25,858,384
Depreciable plant				
General plant	10,942,520	344,163	(536,722)	10,749,961
Generation plant	284,401,232	2,004,589	—	286,405,821
Fuel reserves, net	2,377,627	—	(375,411)	2,002,216
Leased electric plant	57,739,000	—	—	57,739,000
Total depreciable plant	355,460,379	2,348,752	(912,133)	356,896,998
Total electric utility plant	357,800,622	27,351,858	(2,397,098)	382,755,382
Less accumulated depreciation for				
General plant	(5,289,431)	(373,744)	222,092	(5,441,083)
Generation plant	(116,513,954)	(10,281,491)	8,135	(126,787,310)
Leased electric plant	(3,350,397)	(1,253,416)	—	(4,603,813)
Total accumulated depreciation	(125,153,782)	(11,908,651)	230,227	(136,832,206)
Electric utility plant, net	$ 232,646,840	$ 15,443,207	$ (2,166,871)	$ 245,923,174

	2006			
	December 31, 2005	Additions	Retirements	December 31, 2006
Nondepreciable plant				
Construction work in progress	$ 1,428,997	$ 911,246	$ —	$ 2,340,243
Depreciable plant				
General plant	10,274,720	2,256,909	(1,589,109)	10,942,520
Generation plant	282,765,845	1,635,387	—	284,401,232
Fuel reserves, net	2,868,220	—	(490,593)	2,377,627
Leased electric plant	57,739,000	—	—	57,739,000
Total depreciable plant	353,647,785	3,892,296	(2,079,702)	355,460,379
Total electric utility plant	355,076,782	4,803,542	(2,079,702)	357,800,622
Less accumulated depreciation for				
General plant	(5,452,516)	(358,971)	522,056	(5,289,431)
Generation plant	(106,389,526)	(10,152,983)	28,555	(116,513,954)
Leased electric plant	(2,167,929)	(1,182,468)	—	(3,350,397)
Total accumulated depreciation	(114,009,971)	(11,694,422)	550,611	(125,153,782)
Electric utility plant, net	$ 241,066,811	$ (6,890,880)	$ (1,529,091)	$ 232,646,840

The following reconciles depreciation expense as reported above to the statements of revenues, expenses and changes in fund equity.

	2007	2006
Depreciation expense, as reported above	$ 11,908,651	$ 11,694,422
Reduction of note payable and depreciation expense on leased electric plant	(1,253,416)	(1,182,468)
Amortization of McClain turbine overhaul liability	(367,548)	(488,492)
Depreciation expense as reported in the statements of revenues, expenses and changes in fund equity	$ 10,287,687	$ 10,023,462

Note 4: Long-term Debt

Long-term debt activity for the years ended December 31, 2007 and 2006, are as follows:

	2007				
	December 31, 2006	Additions	Payments or Amortization	December 31, 2007	Amounts Due Within One Year
Revenue bonds payable	$ 387,070,000	$ 135,375,000	$ (13,970,000)	$ 508,475,000	$ 14,660,000
Less unamortized net discount/premium	(6,015,251)	76,624	524,079	(5,414,548)	—
Less loss on bond refundings	(25,345,152)	—	2,508,511	(22,836,641)	—
Total revenue bonds payable	355,709,597	135,451,624	(10,937,410)	480,223,811	14,660,000
Note payable	54,388,603	—	(1,253,416)	53,135,187	1,328,621
Total long-term debt	$ 410,098,200	$ 135,451,624	$ (12,190,826)	$ 533,358,998	$ 15,988,621

	2006				
	December 31, 2005	Additions	Payments or Amortization	December 31, 2006	Amounts Due Within One Year
Revenue bonds payable	$ 398,085,000	$ —	$ (11,015,000)	$ 387,070,000	$ 13,970,000
Less unamortized net discount/premium	(6,556,273)	—	541,022	(6,015,251)	—
Less loss on bond refundings	(27,941,921)	—	2,596,769	(25,345,152)	—
Total revenue bonds payable	363,586,806	—	(7,877,209)	355,709,597	13,970,000
Note payable	55,571,071	—	(1,182,468)	54,388,603	1,253,416
Total long-term debt	$ 419,157,877	$ 0	$ (9,059,677)	$ 410,098,200	$ 15,223,416

Revenue Bonds Payable

The Authority has issued Power Supply System Revenue Bonds to finance portions of its acquisition and construction activities and establish bond reserve investments.

Revenue bonds outstanding at December 31, 2007 and 2006, are as follows:

	2007	2006
Power Supply System Revenue Bonds, Series 1992B, 4.65% to 6.00%, due January 1, 1997 to January 1, 2024	$ 119,230,000	$ 124,715,000
Power Supply System Revenue Bonds, Series 1994A, 2.75% to 5.00%, due January 1, 1995 to January 1, 2028	94,085,000	95,610,000
Power Supply System Revenue Bonds, Series 1994B, 2.80% to 5.15%, due January 1, 1995 to January 1, 2009	5,445,000	7,980,000
Power Supply System Revenue Bonds, Series 2001A, 3.40% to 5.00%, due January 1, 2003 to January 1, 2021	36,105,000	38,015,000
Power Supply System Revenue Bonds, Series 2001B, Auction Rate Bonds (3.80% and 3.90% at December 31, 2007 and 2006, respectively), due January 1, 2021 to January 1, 2027	25,575,000	25,575,000
Power Supply System Revenue Bonds, Series 2003A, Auction Rate Bonds (3.80% and 3.90% at December 31, 2007 and 2006, respectively), due January 1, 2024 to January 1, 2025	16,100,000	16,100,000
Power Supply System Revenue Bonds, Series 2003B, 2.00% to 3.75%, due January 1, 2005 to January 1, 2014	16,560,000	16,675,000
Power Supply System Revenue Bonds, Series 2005A, Auction Rate Bonds (5.00% and 3.90% at December 31, 2007 and 2006, respectively), due January 1, 2007 to January 1, 2023	60,000,000	62,400,000
Power Supply System Revenue Bonds, Series 2007A, 4.125% to 4.75%, due January 1, 2028 to January 1, 2047	135,375,000	—
	508,475,000	387,070,000
Less current portion of revenue bonds payable	14,660,000	13,970,000
Revenue bonds payable less current portion	$ 493,815,000	$ 373,100,000

Principal and interest payments of revenue bonds (assuming a 3.80% interest rate on the Series 2001B and Series 2003A bonds and 5.05% on the 2005A bonds) for the years ending after December 31, 2007, are as follows:

Year Ending December 31,	Principal	Interest	Total
2008	$ 14,660,000	$ 23,382,897	$ 38,042,897
2009	15,385,000	23,999,239	39,384,239
2010	16,180,000	22,165,017	39,345,017
2011	17,025,000	22,367,594	39,392,594
2012	17,820,000	21,515,842	39,335,842
2013 – 2017	92,825,000	92,247,339	186,072,339
2018 – 2022	112,940,000	67,102,066	180,042,066
2023 – 2027	82,675,000	39,736,081	122,411,081
2028 – 2032	24,250,000	29,228,370	53,478,370
2033 – 2037	30,075,000	23,406,013	53,481,013
2038 – 2042	37,680,000	15,801,975	53,481,975
2043 – 2047	46,960,000	6,525,225	53,485,225
	$ 508,475,000	$ 389,477,658	$ 897,952,658

The bonds are payable from and collateralized by a pledge of and security interest in the proceeds of the sale of the bonds, the operating revenues of the Authority and assets in the funds established by the respective bond resolution. Interest is payable semiannually on January 1 and July 1. Neither the State nor any political subdivision thereof, nor any participating municipality which has contracted with the Authority, is obligated to pay principal or interest on the bonds. The Authority does not have any taxing authority. Additionally, the Authority must have approval from the State of Oklahoma Council of Bond Oversight in order to issue bonds.

The Power Supply System Revenue Bonds, Series 1992B, Series 1994A, Series 2003B and Series 2005A were issued to advance refund previously outstanding bonds of the Authority. The differences between the Authority's net carrying amount of the refunded bonds and the net proceeds of the refunding bonds were deferred and are being amortized over the terms of the refunding bonds. The transactions resulted in a net reduction of debt service cost over the term of the refunding bonds.

On January 27, 1994, the Authority issued its Power Supply System Revenue Bonds, Series 1994B totaling $45,710,000 to prepay a long-term power supply contract with Western Resources, Inc., now Westar Energy, for capacity and related transmission costs.

The net proceeds of the Series 1992B and Series 1994A bonds have been irrevocably deposited with an escrow agent and have been used to purchase direct obligations of the United States government. The principal and interest on these obligations will be sufficient to pay the refunded bonds at their maturity and to pay interest to such date. Upon establishment of the escrow account, the refunded bonds are considered to be defeased and are no longer considered obligations of the Authority. As of December 31, 2007 and 2006, the Authority's only remaining defeased bonds are the Series 1992A, which have a balance of $44,720,000 and $45,830,000, respectively. These bonds are not considered to be outstanding obligations of the Authority.

On February 13, 2001, the Authority issued $45,000,000 of Power Supply System Revenue Bonds, Series 2001A. Additionally, on February 23, 2001, the Authority issued $25,575,000 of Power Supply System Revenue Bonds, Series 2001B. The Series 2001B bonds have a variable interest rate which is established by either auction each seven-day period or the SIFMA weekly index and is limited to a per annum interest rate of 10%. The proceeds from the 2001 bond issuances were used by the Authority to fund the purchase of 23% undivided interest in the McClain generating facility located outside of Oklahoma City, Oklahoma.

On April 1, 2003, the Series 2003A bonds were issued in the amount of $16,100,000 to fund the second gas turbine located in Ponca City, Oklahoma. The Series 2003A bonds have a variable interest rate which is established by either auction each seven-day period or the SIFMA weekly index and is limited to a per annum interest rate of 12%. The Authority issued Series 2003B Revenue Refunding Bonds on November 5, 2003, to refund the majority of the Series 1994B bonds.

The Authority issued Series 2005A Revenue Refunding Bonds on October 6, 2005, to refund the outstanding balance of the Series 1990A bonds. A refunding loss of approximately $4.9 million was recorded and will be amortized over the life of the new bond issue. The refunding provided a present value refunding savings of approximately $3,600,000. The Series 2005A bonds have a variable interest rate which is established by either auction each seven-day period or the SIFMA weekly index and is limited to a per annum interest rate of 14%.

The Authority issued $135,375,000 Series 2007A Power Supply System Revenue Bonds on March 22, 2007. The proceeds of this issue will be used for the construction of the John W. Turk Jr., power plant, the acquisition of the Redbud generating plant, construction costs of the OMPA headquarters building and other miscellaneous projects. A portion of these funds were intended for the construction of the Redrock generating facility, which has subsequently been cancelled. The 2007A bonds carry a fixed interest rate of 4.125% to 4.54% and are due January 2028 thru January 2047.

Under the bond resolutions, the Authority has covenanted that it will establish and collect rents, rates and charges under the Power Sales Contracts and will otherwise charge and collect rents, rates and charges for the use or sale of the output, capacity or service of its system which, together with other available revenues, are reasonably expected to yield net revenues for the 12-month period commencing with the effective date of such rents, rates and charges equal to at least 1.10 times the aggregate debt service for such period and, in any event, as are required, together with other available funds, to pay or discharge all other indebtedness, charges and liens payable out of revenues under the resolutions.

Note Payable

The Authority has issued $57,739,000 in a taxable limited obligation note. The note bears an interest rate of 6%, and annual principal and interest payments of $4,516,732 are due through December 31, 2028. The note is payable solely from lease payments made by FPL Energy Oklahoma Wind LLC on a leased electric plant (*Note 9*) with no recourse to the Authority.

Principal and interest payments of the note payable for the years ending after December 31, 2007, are as follows:

Year Ending December 31,	Principal	Interest	Total
2008	$ 1,328,621	$ 3,188,111	$ 4,516,732
2009	1,408,339	3,108,394	4,516,733
2010	1,492,839	3,023,894	4,516,733
2011	1,582,409	2,934,323	4,516,732
2012	1,667,354	2,839,379	4,516,733
2013 – 2017	10,022,723	12,560,939	22,583,662
2018 – 2022	13,412,664	9,170,998	22,583,663
2023 – 2027	17,949,170	4,634,492	22,583,662
2028	4,261,068	255,664	4,516,732
	$ 53,135,187	$ 41,716,195	$ 94,851,382

Note 5: Restricted Fund Equity

At December 31, 2007 and 2006, restricted expendable fund equity was available for the following purposes:

	2007	2006
Debt service	$ 19,662,209	$ 19,137,823
Capital acquisitions	492,890	19,748,817
Specific operating activities	8,629,233	8,656,357
Total restricted expendable fund equity	$ 28,784,332	$ 47,542,997

The restrictions of the various accounts are as follows:

- Operations and maintenance account – By the end of each month, this account is to include sufficient monies to provide for payment of the succeeding month's expenses.
- Construction accounts – These accounts are restricted for payment of construction costs (capital acquisitions).

- Debt service accounts – These accounts are restricted for payment of the current portion of bond principal and interest.
- Debt service reserve accounts – These accounts are to include sufficient funds to cover the maximum annual principal and interest requirements of the respective related bond issues.
- Reserve and contingency fund – This fund is restricted for major renewals and replacements, extraordinary operations and maintenance costs and any contingencies.
- Litigation account – This account is capital acquisition funds held in escrow pending the outcome of pending litigation.

Note 6: Employee Benefit Plans

Defined Benefit Plan

Plan Description

The Authority contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing multiple-employer public employee retirement system administered by the Oklahoma Public Employees Retirement System (the System). The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The benefit provisions are established and may be amended by the legislature of the State. Title 74 of the Oklahoma Statutes, Sections 901-943, as amended, assigns the authority for management and operation of the Plan to the Board of Trustees of the System. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan. That annual report may be obtained by writing to: Oklahoma Public Employees Retirement System, 6601 N. Broadway Extension, Suite 129, Oklahoma City, Oklahoma 73116 or by calling 1-800-733-9008.

Funding Policy

Plan members, state employees, Authority employees and the Authority are required to contribute at a rate set by statute. The contribution requirements of plan members and the Authority are established and may be amended by the legislature of the State. The 2007 contribution rate for the Authority is 13.5% and for Authority employees is 3.5%. The 2006 contribution rate for the Authority is 12.5% and for Authority employees is 3.5%.

The Authority's contributions to the Plan for the years ended December 31, 2007, 2006 and 2005, were approximately $446,000, $335,000 and $289,000, respectively, and equal to their required contributions for each year.

Deferred Compensation Plan

Authority employees may participate in a voluntary deferred compensation plan provided for under Section 457 of the Internal Revenue Code. Employees pay no state or federal income tax (*i.e.*, only FICA on amounts contributed to the plan), and the income earned on plan assets is also nontaxable. The assets in the plan are held in trust until paid or made available to participants. The assets are not subject to claims of the Authority's general creditors. The plan is administered by ICMA Retirement Corporation, a nonprofit organization specifically designed to serve municipal employees.

Contributions to the deferred compensation plan may not exceed the maximum allowable by IRS guidelines. Plan withdrawals are available at retirement, termination of employment and in the event of disability or unforeseen emergency. In the event of death, the beneficiary receives the full account value based upon current fair value.

Note 7: Interest Rate Swap Agreements

Objective of the Interest Rate Swap

The Authority's asset/liability strategy is to have a mixture of fixed- and variable-rate debt to take advantage of market fluctuations. As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Authority entered into an interest rate swap agreement in a notional amount equal to the outstanding principal on the 2005A bond issue. The intention of the swap is to effectively change the Authority's variable interest rate on the 2005A issue to a synthetic fixed rate of 5.05%.

Terms

A swaption was entered into December 13, 2001, with an exercise date of October 6, 2005, and provided the Authority an initial net cash receipt of $1,431,000. The counterparty exercised its option to enter into the interest rate swap, which will continue to January 1, 2023. The agreement provides for the Authority to receive interest from the counterparty at the SIFMA Municipal Swap Index and to pay interest to the counterparty at a fixed rate of 5.05% on notional amounts that match the outstanding principal portion of the 2005A bonds, which was $60,000,000 and $62,400,000 at December 31, 2007 and 2006, respectively. Under the agreement, the Authority pays interest semi-annually and receives interest monthly. The net interest expense resulting from the agreement is included in interest expense.

Fair Value

As of December 31, 2007 and 2006, the agreement had a negative fair value of $7,931,488 and $6,825,181, respectively, calculated using the par-value method (*i.e.*, the fixed rate on the swap was compared with the current fixed rates that could be achieved in the marketplace should the swap be unwound). The fixed-rate component was valued by discounting the fixed-rate cash flows using the current yield to maturity of a comparable bond. The variable-rate component was assumed to be at par value because the interest rate resets to the market rate at every reset date. The fair value was then calculated by subtracting the estimated market value of the fixed component from the established market value of the variable component. The fair value of the agreement is not recognized in the Authority's financial statements.

Credit Risk

The swap's fair value represented the Authority's credit exposure to the counterparty as of December 31, 2007. Should the counterparty to this transaction fail to perform according to the terms of the swap agreement, the Authority has a maximum possible loss equivalent to the swap's fair value at that date. As of December 31, 2007, the Authority was not exposed to credit risk because the swap had a negative fair value. The swap counterparty was rated A+ by Standard & Poors as of December 31, 2007.

Basis Risk

The swap exposes the Authority to basis risk should the relationship between the variable rate being paid on the 2005A bond issue and the SIFMA Municipal Swap Index rate being received change in a manner adverse to the Authority. If an adverse change occurs in the relationship between these rates, the expected cost savings may not be fully realized.

Termination Risk

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate notes would no longer have a synthetic fixed rate of interest. Also, if the swap has a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equal to the swap's then fair value.

Swap Payments and Associated Debt

Using rates as of December 31, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are set forth in the table below. As rates vary, variable-rate interest payments and net swap payments will vary.

	Variable-Rate Notes			
	Principal	Interest	Interest Rate Swap, Net	Total
2008	$ 2,500,000	$ 2,937,500	$ 176,250	$ 5,613,750
2009	2,600,000	2,810,000	168,600	5,578,600
2010	2,700,000	2,677,500	160,650	5,538,150
2011	2,900,000	2,537,500	152,250	5,589,750
2012	3,000,000	2,390,000	143,400	5,533,400
2013 – 2017	17,800,000	9,435,000	566,100	27,801,100
2018 – 2022	23,100,000	4,347,500	26,0850	27,708,350
2023	5,400,000	135,000	8,100	5,543,100
	$ 60,000,000	$ 27,270,000	$ 1,636,200	$ 88,906,200

Note 8: Commitments and Contingencies

Purchase Power

During 2007 and 2006, approximately $12,097,000 and $11,700,000 of power was purchased pursuant to several long-term purchase agreements. The Authority is obligated to purchase, at a minimum, approximately $11,073,000 of power in 2008.

Investment Exchange

During 1996, the Authority entered into an agreement with an investment banking firm to exchange investment securities at the other party's option. The securities to be received by the Authority pursuant to this agreement must be investments permitted by the Authority's debt covenants and must yield a guaranteed fixed interest rate. The term of the agreement extends through January 1, 2014. No investment security exchanges have occurred since inception.

General Litigation

The Authority is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the changes in financial position and cash flows of the Authority.

The Oklaunion Power Plant operator has challenged the coal transport charges imposed by the BNSF Railroad for coal deliveries to the plant. This has resulted in extensive litigation at the Surface Transportation Board and in Federal Court. The plant is paying the railroad less than the coal transport charges alleged by BNSF, and there is a potential for back rail charges against the plant owners when the case is settled. The Authority has been reserving against the potential of the rail charges. In addition, there is a dispute between the plant owners over the cost of the litigation and the share owed by each owner. The joint owners have agreed to submit the issue of litigation expense allocation to an independent arbitrator.

Note 9: Leased Electric Plant

The Authority executed a Power Purchase Agreement for 51 MW with FPL Energy Oklahoma Wind, LLC (FPLE Oklahoma) for the development of a wind generation facility in northwestern Oklahoma. Under the Power Purchase Agreement, FPLE Oklahoma was responsible for acquiring, constructing and installing the wind project. The Authority issued a taxable limited obligation note (the Note), which is payable solely from lease payments made by FPLE Oklahoma with no recourse to the Authority (*Note 4*). The Authority used the proceeds of the Note to finance the Authority's acquisition of the wind project and has leased the wind project to FPLE Oklahoma under a long-term capital lease agreement for an amount sufficient to pay debt service, principal and interest on the Note. The Power Purchase Agreement has a term of approximately 25 years and power is sold on a take and pay basis. FPLE Oklahoma retains the operational risk related to the wind project.

The following lists the components of the lease agreement as of December 31, 2007 and 2006:

	2007	2006
Total minimum lease payments to be received	$ 94,851,382	$ 99,368,114
Less: Amounts representing interest included in total minimum lease payments	41,716,195	44,979,511
Net minimum lease payments receivable	$ 53,135,187	$ 54,388,603

Note 10: Subsequent Events

Plant Acquisition

On January 21, 2008, the Authority announced that it had partnered with Oklahoma Gas and Electric Company (OG&E) and Grand River Dam Authority (GRDA) to purchase the 1,200 MW gas-fired Redbud Power Plant near Luther, Oklahoma. OMPA will own a 13% interest, or approximately 156 MW. GRDA will own a 36% interest, and OG&E will own a 51% interest and be the operator of the plant. The transaction is expected to be completed in September 2008.

The Authority incurred approximately $3 million of various costs associated with the Redrock generating facility, which will not be constructed. Some of the costs associated with this plant will be expensed in 2008, or capitalized as part of the Redbud plant purchase, if applicable.

Auction Rate Securities

Due to monoline bond insurer exposure in the nonprime mortgage market, rating agencies have taken action by downgrading several of such insurers. As a result of these rating events, the insured ratings on some of the Authority's revenue bonds downgraded from their original Aaa/AAA levels, while the underlying credit ratings remain unchanged. Interest resets in the auction rate market have climbed subsequent to year end due to market credit concerns, and the Authority has experienced some failed auctions on its auction rate securities. In light of recent and anticipated future disruptions in the market for auction rate securities, the Authority is evaluating its options, including refunding them or converting them to other interest modes.

APPENDIX C

INFORMATION CONCERNING CERTAIN CO-OWNERS

The companies, municipal utility and the rural electric generation and transmission cooperative listed below are joint owners, with the Authority, of the following power supply resources:

Oklaunion 1:	Public Service Company of Oklahoma ("PSO") AEP–Texas North Company ("TNC") Public Utilities Board of the City of Brownsville, Texas ("Brownsville")
Dolet Hills 1:	Southwestern Electric Power Company ("SWEPCO") Central Louisiana Electric Company, Inc. ("CLECO") Northeast Texas Electric Cooperative, Inc. ("NTEC")
Pirkey 1:	SWEPCO NTEC
McClain Generating Facility:	Oklahoma Gas & Electric Company ("OG&E")
Redbud Generating Facility:	OG&E

American Electric Power Company, Inc. ("AEP") is the parent company of PSO, TCC, TNC and SWEPCO.

Certain of the joint owners have assumed responsibility for operation of the above power supply resources as described in Appendix F hereto.

None of such joint owners is an obligor with respect to the Bonds.

Certain information, as of particular dates, concerning PSO, TCC, TNC, SWEPCO, CLECO and OG&E (the "Companies"), their directors and officers, their remuneration and any material interest of such persons in transactions with the Companies are disclosed in Annual Reports on Form 10-K or proxy statements distributed to stockholders and filed with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can also be obtained at prescribed rates by writing to the SEC, Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Certain securities of the Companies are listed on the New York and Midwest Stock Exchanges, where reports, proxy material and other information concerning the Companies may also be inspected. In addition, the Companies are required to file reports and information with the Federal Energy Regulatory Commission (the "FERC"). Such reports and information can be inspected at the FERC's Public Reference Room, 888 First Street, N.E., Room 2-A, Washington, D.C. 20426.

None of the above-mentioned additional information regarding any of the Companies is part of this offering document and the Authority does not take any responsibility for the accuracy or completeness thereof.

[This Page Intentionally Left Blank]

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACTS

The following is a summary of certain provisions of the Power Sales Contracts, as amended (collectively, the "Power Sales Contracts"), between the Authority and 36 of its participants (the "Participating Trusts"). The summary does not purport to be a complete description of the terms of the Power Sales Contracts and, accordingly, is qualified by reference thereto. Copies of the Power Sales Contracts may be obtained from the Authority.

A. Term

Each Power Sales Contract is effective and will remain in effect until December 31, 2027, and thereafter until terminated by either party upon fifteen years' prior notice. Since 2005, the Authority has entered into amendments to the Power Sales Contracts with 35 of its Participating Trusts that provided for an extension of the notice options regarding termination from one year to fifteen years.

B. Purchase and Sale

Subject to the exceptions noted below, each Power Sales Contract requires the Authority to sell to the Participating Trust, and the Participating Trust to purchase from the Authority, all electric power and energy required by such Participating Trust for the operation of its municipal electric system. Upon seven years' notice, the amount of electric power and energy the Authority is required to sell and each Participating Trust is required to purchase may be limited by the Participating Trust or the Authority to the "Contract Rate of Delivery," which is defined to be the peak demand for power under the Power Sales Contract of such Participating Trust in the 24 monthly billing periods prior to the date such limitation commences, adjusted up or down by not more than 10% to provide for optimal utilization of the Authority's resources. If the Authority exercises its Contract Rate of Delivery option, it must exercise such option with respect to all Participating Trusts.

The foregoing is subject to certain exceptions. In the case of 16 Participating Trusts, the amount of power and energy to be sold by the Authority and purchased by such Participating Trusts is its requirements in excess of the portion served through purchases under an allocation from Southwestern Power Administration, an agency of the Authority of Energy of the United States.

C. Payments by the Participating Trusts

Each Participating Trust is required to pay for electric power and energy furnished pursuant to its Power Sales Contract at its point or points of delivery according to rates to be established by the Authority. The rates of the Authority are to be reviewed at least once a year and, if necessary, revised so as to provide revenues sufficient, but only sufficient, together with other available funds of the Authority, to meet the estimated "Revenue Requirements" of the Authority. The term Revenue Requirements is defined to include generally all costs and expenses paid or incurred or to be paid or incurred by the Authority resulting from the ownership, operation, maintenance, termination, retirement from service and decommissioning of, and repair, renewals, replacements, additions, improvements, betterments and modifications to, the Authority's system or otherwise relating to the acquisition and sale of power and energy and transmission services and performance by the Authority of its obligations under the Power Sales Contracts. The term Revenue Requirements includes, without limitation, debt service on Bonds and all other evidences of indebtedness issued by the Authority to finance its system, all amounts required under the Authority's Power Supply System Revenue Bond Resolution to be deposited in funds

established thereunder and amounts which must be realized by the Authority to satisfy any rate covenant with respect to debt service coverage or which the Authority deems advisable in the marketing of its evidences of indebtedness; provided, however, that Revenue Requirements shall not include debt service on bonds, notes or other evidences of indebtedness due solely by virtue of the acceleration of the maturity thereof. If necessary, in determining the rates necessary to produce sufficient revenues, the Authority shall take into account any anticipated delinquency or default in payments by Participating Trusts under the Power Sales Contracts. The Authority is also required to bill each Participating Trust on a prompt and timely basis.

At such intervals as it shall determine appropriate, but in any event not less frequently than once each calendar year, the Authority shall review and, if necessary, revise the rate schedule to insure that the rates thereunder continue to cover its estimate of the Revenue Requirements. In connection with any revision of that rate schedule, the Authority shall cause a notice in writing to be given to all Participating Trusts which shall set out any proposed revision of the rate schedule with the effective date thereof, which shall not be less than 60 days after the date of the notice. The Participating Trust agrees to pay for electric power and energy made available by the Authority to it under the Power Sales Contract after the effective date of any revision in the rate schedule in accordance with the rate schedule as so revised.

If a Participating Trust fails to take power and energy made available by the Authority which it is required to take under its Power Sales Contract, it will be obligated to pay the Authority for such availability an amount equal to the product of the demand charge in the Authority's rate schedule and the billing demand computed on the basis of the kilowatts that would otherwise have been taken from the Authority.

Payments by each Participating Trust under its Power Sales Contract shall be made as an operating expense from the revenues of its electric utility system (or, if the electric utility system is part of an integrated utility system, from the revenues of such larger system) and from other funds of such system legally available therefor. However, the obligations to make such payments are not a general obligation of the Participating Trust. In no event shall the Participating Trust be required to make payments under its Power Sales Contract from tax revenues.

The obligations of each Participating Trust to make payments under the rate schedule shall not be subject to any reduction, whether by offset, counterclaim, recoupment or otherwise, and shall not be otherwise conditioned upon the performance by the Authority under the Power Sales Contract or any other agreement.

Amendment No. 1 to the Power Sales Contract of each Participating Trust provides that in the event (i) Bonds are issued in furtherance of its obligations under the Power Sales Contract, (ii) such Bonds are issued prior to any written notice of termination of the Power Sales Contract, and (iii) such Bonds mature in whole or in part after any such terminations, and are attributable to capacity then allocated to the Participating Trust, then the Authority shall, subject to change by the Board of Directors, in its sole discretion, include in rates applicable to the Participating Trust, during the period between the date notice of termination is given and the effective date of termination, amounts sufficient to provide for the payment of the principal of, redemption premium, if any, and interest on such Bonds to the extent allocated by the Authority to the Participating Trust. Such rate adjustment, if any, applicable to the Participating Trust shall not exceed the Participating Trust's load ratio share of such capacity allocated to the Participating Trust, determined on a capacity basis compared to the sum of the Participating Trust and all other Participating Trusts. Such rates may or may not be the same as the rates applicable to other Participating Trusts.

D. Rate Covenant

Each Participating Trust has agreed to maintain rates for electric power and energy to its consumers which will provide revenues, which, together with other funds estimated to be available, will be sufficient to meet its obligations to the Authority under its Power Sales Contract and all other operating expenses of its electric system or integrated utility system, and to pay all obligations from, or constituting a charge or lien on, the revenues of its electric system or integrated utility system. However, nothing in the Power Sales Contract shall be construed to diminish or surrender the power of a city to regulate charges for public services rendered by the respective Participating Trust.

E. Restrictions on Disposition of Electrical System, Sales for Resale, Other Obligations

Each Participating Trust has agreed that it will not sell, lease or otherwise dispose of all or substantially all of its electrical system except on 90 days' prior written notice to the Authority and unless all of the following conditions are met. The Participating Trust must assign the Power Sales Contract to the entity acquiring or leasing the system and such entity must assume the obligations of the Participating Trust under the Power Sales Contract. To the extent necessary to reflect the assignment and assumption, the Authority and such entity must enter into an agreement supplemental to the Power Sales Contract to clarify the terms on which power and energy are to be sold under the Power Sales Contract to such entity. The senior debt of such entity must be rated in one of the three highest whole rating categories by a nationally-recognized bond rating agency. The Authority must determine that the sale, lease or other disposition will not adversely affect the value of the Power Sales Contract as security for the payment of the Authority's bonds or affect the eligibility of interest on the Authority's bonds for federal tax-exempt status.

A Participating Trust may not sell at wholesale any electric power and energy delivered to it under its Power Sales Contract to any customer for resale, unless such resale is approved by the Authority.

If a Participating Trust proposes to issue bonds, notes or other evidences of obligations payable from and secured by the revenues of its electric system, or other integrated utility system of the Participating Trust of which the electric system is a part, other than any being issued to the Farmers Home Administration ("FmHA") or any successor agency or instrumentality or to any other agency or instrumentality of the United States pursuant to a program similar to the FMHA Community Facility loan program (collectively, "Revenue Bonds"), it shall comply with the following provisions. The Participating Trust agrees that in no event shall it issue any Revenue Bonds which are payable from revenues derived in whole or in part from its electric system or such integrated utility system superior to the payment of operating expenses unless an independent consulting engineer or engineering firm or corporation experienced in analyzing the operations of electric utility systems certifies that the revenues of the electric system or such integrated utility system forecasted for each of the next three years, together with other funds estimated to be available, shall be at least equal to the forecasted sum of (i) 125% of the principal of and interest (excluding capitalized interest) on the Revenue Bonds coming due in such year plus (ii) operating expenses of the electric system or such integrated utility system for such year.

F. Remedies

Upon failure of a Participating Trust to make any payment in full when due under its Power Sales Contract, the Authority may take all steps available to it under applicable law to collect such amount and, after giving 15 days' advance notice in writing of its intention to do so, discontinue service under the Power Sales Contract. The Authority may, whenever any amount due remains unpaid for 120 or more

days after the due date and after giving 30 days' advance notice in writing of its intention to do so, terminate the Power Sales Contract. No such discontinuance or termination shall relieve a Participating Trust from liability for payment for electrical power and energy furnished under its Power Sales Contract.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE OKLAUNION AGREEMENT, THE DOLET HILLS AGREEMENT, THE PIRKEY AGREEMENT, THE MCCLAIN AGREEMENT, THE REDBUD AGREEMENT AND THE UNIT POWER AGREEMENT

The following are summaries of certain provisions of (i) the Contract for Assignment of a Portion of Ownership Interest in the Oklaunion Unit No. 1 (the "Oklaunion Assignment") between Public Service Company of Oklahoma ("PSO") and Oklahoma Municipal Power Authority (the "Authority") and the Oklaunion Unit No. 1 Construction, Ownership and Operating Agreement (the "Oklaunion Contract") between Central Power and Light Company (now AEP–Texas Central Company, "TCC"), PSO, West Texas Utilities Company (now AEP–Texas North Company "TNC") and Central and South West Services, Inc. ("CSWS") (the Oklaunion Assignment and the Oklaunion Contract are hereinafter collectively referred to as the "Oklaunion Agreement"), (ii) the Agreement For Assignment of an Undivided Ownership Interest in the Dolet Hills Unit No. 1, between Southwestern Electric Power Company ("SWEPCO") and the Authority and the Assignment of an Undivided Ownership Interest between SWEPCO and the Authority (collectively, the "Dolet Hills Agreement"), (iii) the Henry W. Pirkey Unit No. 1 Ownership, Construction and Operating Agreement between SWEPCO and the Authority and the Supplemental Agreement relating to Henry W. Pirkey Unit No. 1 Ownership, Construction and Operating Agreement between SWEPCO and the Authority (collectively, the "Pirkey Agreement"), (iv) the Asset Purchase Agreement (the "Asset Purchase Agreement") between Duke Energy McClain, LLC ("Duke Energy") and the Authority, and the Ownership and Operation Agreement (the "Ownership and Operation Agreement") between Oklahoma Gas & Electric Company ("OG&E") and the Authority (the Asset Purchase Agreement and the Ownership and Operation Agreement are hereinafter collectively referred to as the "McClain Agreement"), (v) the Unit Power Sales Agreement between Grand River Dam Authority ("GRDA") and the Authority (the "Unit Power Agreement"), and (vi) the Purchase and Sale Agreement between OG&E and Redbud Energy LLC and the Asset Purchase Agreement and the Ownership and Operating Agreement, each between OG&E, GRDA and the Authority. Capitalized terms not otherwise defined herein have the meanings set forth in the respective documents.

The summaries do not purport to be complete descriptions of the above mentioned agreements and, accordingly, are qualified by reference thereto. A copy of the above mentioned agreements may be obtained from the Authority.

I. The Oklaunion Agreement

A. General

The Oklaunion Agreement provides for, among other things, the (a) ownership of (i) Oklaunion Unit No. 1 ("Oklaunion Unit No. 1"), a 690 MW coal-fired, steam-electric generating unit, and (ii) the Common Facilities, all equipment and appurtenances that will be used in common for the benefit of Oklaunion Unit No. 1 and any additional generating unit, and (b) the sale by TNC to TCC and PSO and the sale by PSO to the Authority (TNC, TCC, PSO and the Authority being herein referred to individually as a "Participant" and collectively as the "Participants") of undivided ownership interests in (i) the Oklaunion Unit No. 1 Plant Site, the surface of 8.29 acres of land upon which Oklaunion Unit No. 1 is situated, (ii) the Easement for Oklaunion Unit No. 1 Adjacent Facilities, and (iii) the Easement for Common Facilities. The term Oklaunion Project includes (i) Oklaunion Unit No. 1, (ii) the Oklaunion Unit No. 1 Plant Site, (iii) the Common Facilities, (iv) the Easement for Oklaunion Unit No. 1 Adjacent

Facilities, and (v) the Easement for Common Facilities. The term Oklaunion Unit No. 1 does not include Common Facilities.

Under the Oklaunion Agreement, TNC has dedicated its right to purchase water under a water purchase agreement with the City of Wichita Falls and the Wichita County Water Improvement District Number Two to the water needs of the Oklaunion Project to the extent necessary to operate the Oklaunion Project at the lowest reasonable cost consistent with reliability, safety and expedition and in accordance with prudent utility practice.

Pursuant to the Oklaunion Agreement, the Authority acquired an 11.72% undivided ownership interest in the Oklaunion Project. As a result of AEP-TCC's two sales to the Public Utilities Board of the City of Brownsville, Texas ("Brownsville") of a 10.16% ownership interest and a 7.81% ownership interest in the Oklaunion Project, Brownsville became a Participant under the Oklaunion Agreement. Brownsville, PSO and the Authority are obligated in respect of, 17.97%, 15.62% and 11.72% undivided ownership interests, respectively, and TNC retains a 54.69% undivided ownership interest (collectively, the "Ownership Percentages") in the Oklaunion Project.

B. Sale of Undivided Ownership Interests

The Closing. At a closing held on July 17, 1985, the Authority purchased its 11.72% Ownership Percentage in the Oklaunion Project from PSO. The purchase price paid by the Authority for its interest in the Oklaunion Project was its Ownership Percentage of (i) all preconstruction and construction costs and land and water rights incurred through the date of closing, (ii) an allowance for funds used during construction calculated at PSO's embedded cost of capital, and (iii) certain administrative costs incurred by CSWS as construction project manager not otherwise included in charges booked to the Oklaunion Project.

No Warranties by PSO. The Oklaunion Agreement contains a provision to the effect that PSO neither warrants the merchantability of the Oklaunion Project, nor its fitness for any particular purpose.

C. Obligation to Pay Cost of Construction

Under the Oklaunion Agreement, each Participant was obligated to pay its Ownership Percentage of all preconstruction and construction costs paid in connection with the Oklaunion Project including the costs of renewals and modifications. The Project Managers (as hereinafter defined) are required to furnish estimates for such costs.

D. Alienation of Ownership Interests

Except in certain circumstances, the right of any Participant to transfer all or any portion of its ownership interest in the Oklaunion Project is subject to the specified refusal rights of the other Participants. The right of first refusal is not applicable to transfers by a Participant of an interest in the Oklaunion Project and its related interest in the Oklaunion Agreement as security for its present or future bonds or other obligations or securities or transfers or assignments in connection with any pollution control financing.

Any permitted assignment or transfer by a Participant of its ownership interest in the Oklaunion Project shall carry with it all rights, privileges and obligations attributable to the interests assigned or transferred. Any party acquiring an ownership interest in the Oklaunion Project must assume and agree to be bound by the provisions of the Oklaunion Contract. No Participant assigning or transferring an interest

under the Oklaunion Contract shall be relieved of any of its obligations under the Oklaunion Contract, but shall remain liable for performance of all of the terms and conditions of the Oklaunion Contract.

E. Ownership Committee; Project Managers

The Oklaunion Agreement establishes an Ownership Committee composed of one primary representative of each Participant and one alternate for each primary representative. The Oklaunion Agreement also appoints CSWS as Construction Project Manager and TNC as Operation Project Manager (collectively, the "Project Managers"). The Construction Project Manager has the responsibility to perform, or cause to be performed, all construction work. The Operation Project Manager is responsible for the operation, maintenance, use, repair or retirement of the Oklaunion Project subsequent to the Commercial Operation Date (as hereinafter defined), capital improvements work and obtaining, transporting and storing fuel for the Oklaunion Project.

In performing their respective responsibilities under the Oklaunion Contract, the Project Managers are required to comply with prudent utility practices and the provisions of the Oklaunion Contract. The Project Managers shall not be liable to the Participants or CSWS or their successors or assigns (the "Parties") for damages incurred as a result of the performance of their respective duties under the Oklaunion Contract, except in cases of willful actions. Ownership Committee recommendations to the Project Managers shall be considered in good faith by the Project Managers but such recommendations shall not be binding on the Project Managers. The Project Managers may settle, without the written consent of the Parties, any claim relating to their respective areas of responsibility against the Oklaunion Project if the amount of such settlement does not exceed Five Million Dollars ($5,000,000) in excess of all Project Insurance in the case of claims against the Oklaunion Project or any Party or Ten Million Dollars ($10,000,000) in the case of any claim against any third party with respect to the Oklaunion Project. The Project Managers may, however, require the prior written consent of the Parties as to the settlement of any claims.

F. Commercial Operation Date

The Oklaunion Project was placed in commercial operation in December 1986 (the "Commercial Operation Date").

G. Generating Capacity and Energy Entitlements

Each Participant is entitled to schedule and receive capacity and associated energy up to its Ownership Percentage of the total capacity and energy available at any time from the Oklaunion Project. Each Participant is obligated to schedule a minimum net output corresponding to the product of its Ownership Percentage and the minimum net output for Oklaunion Unit No. 1. If a Participant has scheduled more than the product of its Ownership Percentage and its minimum net output, the Participants who desire to schedule less than their minimum net output may schedule on a pro rata basis the remaining minimum net output. If the Operation Project Manager ceases to operate the Oklaunion Project solely because of the availability of energy from another source, the average cost of which is projected to be lower than the cost of energy generated by the Oklaunion Project during the period of cessation in operation, PSO shall make available to the Authority replacement energy during the period of such cessation in operation. The cost of such replacement energy shall be the estimated cost per kilowatt-hour which would have been incurred by the Authority for energy generated by the Oklaunion Project had the Oklaunion Project been operated at 450 megawatts during such period.

H. Obligation to Pay Operation and Maintenance Costs

Operation and maintenance costs will be paid by the Participants according to their respective Ownership Percentages. The Operation Project Manager is required to furnish statements of actual operating and maintenance costs.

I. Defaults

During the first fifteen days following a default occurring after the Commercial Operation Date, the Operation Project Manager shall make payments and take all actions necessary to cover the default. The defaulting Participant is required to remedy such default as soon as possible and shall pay to the Operation Project Manager or any other covering Participant any amount paid on behalf of the defaulting Participant by the Operation Project Manager or any other covering Participant plus interest and incidental costs incurred thereby. If such default has not been remedied prior to the first business day following the initial 15 day period or within 10 days of receipt of notice of the default by the defaulting Participant, whichever is longer, the Operation Project Manager shall cease to provide the capacity entitlement of such defaulting Participant until such default has been remedied. The Operation Project Manager shall allocate such entitlement pro rata to the Participants agreeing to make payments and take actions necessary to cover the default. If such default by a Participant shall continue for a period of six months without having been remedied, the non-defaulting Participants may acquire all or any undivided interest of the Oklaunion Project ownership interest of the defaulting Participant.

II. The Dolet Hills Agreement

A. General

The Dolet Hills Agreement provides for, among other things, the assignment by SWEPCO to the Authority of an undivided ownership interest in the Dolet Hills Project, which includes Dolet Hills Unit No. 1 ("Dolet Hills Unit No. 1"), a lignite-fired steam-electric generating unit (excluding pollution control facilities) which was placed in commercial operation in April 1986, the boiler, cooling facilities, related property, the land on which Dolet Hills Unit No. 1 rests and certain intangible rights associated with the Dolet Hills Project.

Pursuant to the Dolet Hills Agreement, the Authority acquired from SWEPCO, and is obligated in respect of, a percentage undivided ownership interest of 3.906%, SWEPCO retained a percentage undivided ownership interest of 46.094%, and Central Louisiana Electric Company, Inc. ("CLECO") retained a percentage undivided ownership interest of 50% in the Dolet Hills Project. On December 19, 1985, SWEPCO sold a 5.860% undivided ownership interest in the Dolet Hills Project to Northeast Texas Electric Cooperative, Inc. ("NTEC"). CLECO previously acquired its percentage ownership interest pursuant to the Dolet Hills Power Station Ownership, Construction and Operating Agreement, as supplemented, between SWEPCO and CLECO (the "SWEPCO-CLECO Agreement") (the Authority, CLECO, SWEPCO and NTEC being herein referred to as the "Co-Owners" and their respective percentage ownership interests in the Dolet Hills Project being herein referred to as their "Ownership Percentages"). Pursuant to the Dolet Hills Agreement, the Authority also acquired a right to 3.906% of the lignite delivered for Dolet Hills 1 from a specified area (the "Lignite Rights").

B. Sale of Undivided Ownership Interests

The Closing. At a closing held on August 6, 1985, the Authority purchased its Ownership Percentage in the Dolet Hills Project and the Lignite Rights from SWEPCO. The purchase price paid by the Authority for its interest in the Dolet Hills Project and the Lignite Rights was its Ownership

Percentage of (i) all costs of acquisition and construction incurred by SWEPCO through the date of closing, (ii) an allowance for funds used during construction calculated at SWEPCO's marginal cost of capital, and (iii) compensation for the Lignite Rights. The Authority has agreed to compensate SWEPCO for state and federal taxes, if any, paid by SWEPCO as a result of the sale to the Authority.

No Warranties by SWEPCO. The Dolet Hills Agreement contains a provision to the effect that the assignment from SWEPCO to the Authority is without warranties of title of any kind whatsoever or warranties of merchantability or fitness for a particular purpose. However, all warranties from manufacturers, vendors, suppliers and contractors shall extend to the Authority to the extent of its Ownership Percentage.

C. Obligation to Pay Cost of Construction

Each Co-Owner is obligated to pay its Ownership Percentage of all costs of acquisition and construction in connection with the Dolet Hills Project. SWEPCO is required to furnish budgets for such costs to the Authority.

D. Alienation of Ownership Interests

Except in certain circumstances, the right of the Authority to transfer all or any portion of its ownership interest in the Dolet Hills Project is subject to first refusal rights. Any such transfer must first be offered to SWEPCO, and, if refused by SWEPCO, then to CLECO. In the event that the Authority transfers all or any portion of its ownership interest (other than solely as security for indebtedness), the Authority shall, at the request of SWEPCO, cause such transferee to become a party to the Dolet Hills Agreement and assume the obligations of the Authority thereunder.

E. Operating Committee; Appointments as Agent

The SWEPCO-CLECO Agreement establishes an Operating Committee composed of one representative of both SWEPCO and CLECO. Under the Dolet Hills Agreement, the Authority has no membership or vote on the Operating Committee, however, an Authority representative may attend Operating Committee meetings and present its views. Under the SWEPCO-CLECO Agreement, CLECO appoints SWEPCO to act on its behalf in the acquisition of land and in the planning, design, licensing, construction and acquisition of materials and completion of the Dolet Hills Project. SWEPCO appoints CLECO to act as its agent to test, operate and maintain the Dolet Hills Project after commercial operation begins. Under the Dolet Hills Agreement, the Authority appoints SWEPCO as its agent and grants authority for SWEPCO to appoint CLECO as its agent in the same capacities as SWEPCO and CLECO act as agents pursuant to the SWEPCO-CLECO Agreement.

The respective agencies of SWEPCO and CLECO are subject to the authority granted to the other party's Operating Committee representative. Such authority includes rights of consultation as to various matters set forth in the SWEPCO-CLECO Agreement.

F. Entitlement to Output

Each Co-Owner is entitled to share in the available net capability of the Dolet Hills Project in accordance with its respective Ownership Percentage. Except in the case of a default, no Co-Owner has the authority to dispose of the entitlement to capacity and energy which another Co-Owner is entitled to take.

G. Obligation to Pay Operating and Fuel Costs

Operating and fuel costs are generally paid by the Co-Owners according to their respective Ownership Percentages. The Authority pays monthly to SWEPCO for its share of the operating and fuel expenses with respect to the Dolet Hills Project the sum of the following: (1) the Authority's ownership percentage of the total cost of the Dolet Hills Project (as determined by CLECO) for actual costs of operation and maintenance (excluding fuel) and overheads, power dispatching and substation operating expenses allocated by CLECO to the Dolet Hills Project; (2) the Authority's pro rata share of the total production related cost of lignite delivered from the lignite reserves, and the Authority's ownership percentage share of all other fuel for the Dolet Hills Project, plus an additional 5% of such cost of other fuel; (3) the Authority's ownership percentage of actual total non-production related costs associated with operation of the lignite mine; (4) an amount equal to one quarter (0.25) mill per kilowatt-hour of the Dolet Hills Project energy delivered for the Authority's account into SWEPCO's transmission system; and (5) an amount equal to SWEPCO's actual costs incurred in connection with its accounting and billing for the Authority's lignite inventory. SWEPCO is required to furnish operating budgets to the Authority.

H. Defaults

Default under the SWEPCO-CLECO Agreement. If SWEPCO is in default in the payment of costs of acquisition and construction under the SWEPCO-CLECO Agreement and such default continues unremedied for four months, the Authority is permitted to remedy such default within two months thereof and obtain the benefit of an increased interest in the Dolet Hills Project in accordance with the formula set forth in the Dolet Hills Agreement (the "Default Formula"). If SWEPCO should be in default in the payment of costs of acquisition and construction under the SWEPCO-CLECO Agreement because the Authority is in default under the Dolet Hills Agreement and SWEPCO does not elect to remedy such default on behalf of the Authority, the Authority will suffer a forfeiture of its interest in accordance with the Default Formula. If CLECO should be in default in the payment of costs of acquisition and construction under the SWEPCO-CLECO Agreement, SWEPCO has the first right to remedy such default and obtain the benefits of the increased interest in accordance with the SWEPCO-CLECO Agreement.

Default under the Dolet Hills Agreement. In the event that SWEPCO or the Authority is in default under the Dolet Hills Agreement for failure to make any payment due under the Dolet Hills Agreement for a period of forty-eight hours, or the default in the performance of any other obligation or duty required by the Dolet Hills Agreement and such default has not been cured within thirty days after receipt of notice thereof or if not reasonably curable within such period, efforts to cure same are not being pursued with due diligence, SWEPCO, as agent for the defaulting party, may sell any output of capacity and energy of the Dolet Hills Project to which the defaulting party is entitled.

III. The Pirkey Agreement

A. General

The Pirkey Agreement provides for, among other things, the sale by SWEPCO to the Authority of an undivided ownership interest in Henry W. Pirkey Unit No. 1 (the "Pirkey Project") which includes (i) a 640 MW lignite-fired-steam electric generating unit placed in commercial operation in January 1985, (ii) the land and facilities required for operation of the Pirkey Project, (iii) the Common Facilities, which will be common to any other unit constructed on or adjacent to the land required for operation of the Pirkey Project, and (iv) certain Lignite Reserves.

Pursuant to the Pirkey Agreement, the Authority acquired from SWEPCO, and is obligated in respect of, a percentage undivided ownership interest of 2.344%, SWEPCO retains a percentage undivided ownership interest of 85.936% and NTEC retains a percentage undivided ownership interest of 11.72% in the Pirkey Project (collectively, the "Ownership Percentages" and the Authority, SWEPCO and NTEC being herein collectively referred to as the "Co-Owners"). NTEC previously acquired its Ownership Percentage pursuant to the Ownership, Construction and Operating Agreement, dated as of April 8, 1982, as amended, between SWEPCO and NTEC (the "SWEPCO-NTEC Agreement").

B. Sale of Undivided Ownership Interests

The Closing. At a closing held on July 9, 1985, the Authority purchased its Ownership Percentage in the Pirkey Project from SWEPCO. The purchase price paid by the Authority for its interest in the Pirkey Project was its Ownership Percentage of (i) all costs of acquisition and construction incurred by SWEPCO through the date of closing and (ii) an allowance for funds used during construction calculated at SWEPCO's marginal cost of capital. The Authority has agreed to compensate SWEPCO for state and federal taxes, if any, paid by SWEPCO as a result of the sale to the Authority.

No Warranties by SWEPCO. The Pirkey Agreement contains a provision to the effect that the conveyance from SWEPCO to the Authority of its Ownership Percentage in the Pirkey Project was without warranties of title and was "as is" and "where is." All warranties from manufacturers, suppliers, vendors and contractors extend to the Authority to the extent of its Ownership Percentage.

C. Obligation to Pay Cost of Construction

Each Co-Owner is obligated to pay its Ownership Percentage of all costs of construction paid in connection with the Pirkey Project. SWEPCO is required to furnish quarterly statements to the Authority showing all expenditures for the last quarter and the respective shares thereof of each of the Co-Owners.

D. Alienation of Ownership Interests

Except in certain circumstances, the Authority does not have the right to sell, lease, convey, transfer, assign, encumber or alienate all or any portion of its Ownership Percentage in the Pirkey Project without first offering such sale, lease or other conveyance to SWEPCO, and if refused by SWEPCO, then to NTEC, upon the same terms and conditions as the proposed sale, lease or other conveyance to a third party. The right of first refusal is not applicable to conveyances in connection with the financing of pollution control facilities, sales of equipment incident to renewals or replacements, the creation of liens by mortgage incident to the future issuance of bonds or notes, the rights of the trustee or bond or debt holders under any such mortgage, the first mortgage lien against SWEPCO's properties and the rights of the trustees and debt holders thereunder, or in the event the Authority or SWEPCO is in bankruptcy or receivership or is insolvent or is unable to timely pay its obligations under the terms of the Pirkey Agreement.

In the event of any sale, conveyance, transfer, assignment or alienation by the Authority of all or any portion of its Ownership Percentage in the Pirkey Project, the Authority must cause such transferee to become a party to the Pirkey Agreement and assume the obligations of the Authority thereunder.

E. Project Manager

Under the Pirkey Agreement, the Authority appoints SWEPCO as Project Manager to act on its behalf in the planning, design, licensing, construction, acquisition, maintenance and operation of the

Pirkey Project. In performing its responsibilities under the Pirkey Agreement, the Project Manager is required to comply with good utility practice.

F. Generating Capacity and Energy Entitlements

Each Co-Owner is entitled to share in the net capability in the Pirkey Project in accordance with its respective Ownership Percentage. Neither SWEPCO nor the Authority has the authority to sell or otherwise dispose of the entitlements from the Pirkey Project to which the other party is entitled to take.

G. Obligation to Pay Operation, Maintenance and Fuel Costs

The Authority pays monthly to SWEPCO for its share of the operating and fuel expenses with respect to the Pirkey Project the sum of the following: (1) the Authority's percentage share of production related costs of lignite from the Lignite Reserves, and the Authority's percentage share of the total cost of all other fuel for the Pirkey Project, plus an additional 5% (1% as of January 1, 2002) of such cost of all other fuel; (2) the Authority's percentage share of actual total cost of operation and maintenance (excluding fuel) with respect to the Pirkey Project, plus an additional 5% of such amount; (3) the Authority's percentage share of SWEPCO's overhead charges and expenses allocated to the Pirkey Project; (4) the Authority's percentage share of other miscellaneous expenses; and (5) an amount equal to one quarter (0.25) mill per kilowatt-hour of the Authority's share with respect to the Pirkey Project energy delivered into SWEPCO's transmission system for the Authority's account.

H. Defaults

If either the Authority or SWEPCO is in default under the Pirkey Agreement for failure to make any monetary payment when due for a period of 48 hours after the due date thereof or failure in the performance of any other obligation or duty which has not been cured within thirty days after notice has been given by the non-defaulting party, or if not curable within such period, good faith efforts to cure same have not commenced during such period and are not being pursued with due diligence, the defaulting Co-Owner shall have no right to the output of the Pirkey Project. SWEPCO, as agent for the Co-Owner in default, may sell any output of capacity or energy of the Pirkey Project to which the party in default is entitled until all obligations and duties in default shall have been fully performed by the defaulting party.

I. Relationship with NTEC

The Pirkey Agreement provides that in the event of a default by NTEC under the SWEPCO-NTEC Agreement, SWEPCO is required to meet all of NTEC's Pirkey Project obligations and responsibilities under the SWEPCO-NTEC Agreement, including, payment of NTEC's proportionate costs of construction, fuel costs, operation and maintenance costs and all other costs relating to the Pirkey Project.

IV. The McClain Agreement

A. General

The Asset Purchase Agreement provided for, among other things, the acquisition by the Authority from Duke Energy of a 23% undivided ownership interest in the power plant now known as the McClain Generating Facility, an approximately 478 MW (winter rating 520 MW) natural gas-fired combined cycle generating facility located in McClain County, Oklahoma, including real and personal property, certain related contracts and transferable permits.

B. Purchase of Undivided Ownership Interest

The Closing. At a closing held on March 1, 2001, the Authority purchased its Ownership Percentage in the McClain Generating Facility from Duke Energy. The purchase price paid by the Authority for its interest in the McClain Generating Facility was its Ownership Percentage of all real property, inventory, tangible personal property, business contracts, transferable permits, power plant books and records, and warranty and damage payments. The Authority's acquisition of its interest in the McClain Generating Facility entitles the Authority to schedule and receive its Ownership Percentage of the net available output, net generating capability and ancillary services generated by the McClain Generating Facility as available from time to time after the closing date.

Sales of Ownership Interest. In August 2001, Duke Energy sold its entire ownership interest in the McClain Generating Facility to NRG McClain LLC ("NRG") and NRG assumed the Ownership and Operation Agreement initially entered into between Duke Energy and the Authority. In July 2004, NRG sold its entire 77% ownership interest in the McClain Generating Facility to OG&E and OG&E concurrently entered into the Ownership and Operating Agreement with the Authority. OG&E and the Authority are currently the sole owners of the McClain Generating Facility.

C. Executive Committee; Operator

The Ownership and Operation Agreement establishes an Executive Committee, to which is delegated all decisions in respect of operating, maintaining, administering contracts relating to, improving and adding capital additions to the McClain Generating Facility. Unless otherwise agreed by the Executive Committee, day-to-day operation and maintenance will be performed by OG&E as operator (the "Operator") under a Facility Operating Agreement. The rights and duties of the Operator shall be as set forth in the Operating and Maintenance Agreements as in effect from time to time. Certain matters relating to the major maintenance and repair of the McClain Generating Facility also may be subcontracted.

Under the Ownership and Operation Agreement, each owner has a vote on the Executive Committee proportionate to its percentage ownership interest in the McClain Generating Facility. With certain exceptions, decisions of the Executive Committee are required to be by vote of a majority of the aggregate ownership shares. Certain matters and items, including those found by an arbitrator to be or have been consistent with prudent operating practices, costs borne solely by another owner or the Operator individually, and items recommended by the chairman of the Executive Committee or the Operator having a total cost to all owners in the aggregate of less than $70,000, must be approved. Certain matters require a vote of 85% (supermajority) of the aggregate ownership shares, including (i) except to the extent that the then current Facility Operating Agreement otherwise provides, (A) the termination of the Facility Operating Agreement, (B) any material amendment to the Facility Operating Agreement, (C) any material amendment with respect to the aggregate non-cost based compensation provided for under the operations and maintenance subcontract, or (D) the approval of a new Facility Operating Agreement or the replacement or appointment of the Operator or, if applicable, the operations and maintenance subcontractor (such approval not to be unreasonably withheld or delayed by any owner, which approval of a proposed replacement Operator or operations and maintenance subcontractor shall not be withheld by any owner if such replacement Operator or operations and maintenance subcontractor is (1) a qualified operator of gas-fired combined cycle facilities with similar technology as the McClain Generating Facility, and (2) is capable of performing the obligations of the operations and maintenance subcontractor under the operations and maintenance subcontract); (ii) elective capital additions requiring a total cost to all owners in the aggregate in excess of $10 million; (iii) a decision to settle third party claims where the uninsured portion of any such claim exceeds $10 million; (iv) a decision to end McClain

Generating Facility operations; and (v) proposals to change any of the provisions requiring supermajority vote.

Notwithstanding the foregoing, for as long as the Authority is an owner and finances or refinances the acquisition of its undivided ownership interest in the McClain Generating Facility with tax exempt financing, no Facility Operating Agreement shall include provisions which the Authority determines, on the basis of opinion of counsel, will adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on securities issued or to be issued by the Authority in such financing or refinancing.

In the event that there are only two owners or, if there are more than two, one has an ownership share more than 50%, and a supermajority vote cannot be achieved on the matters summarized at clause (i) (D) or (ii) of the second preceding paragraph (but only if the elective capital additions benefit all owners proportionately), and if senior management of the owners cannot resolve the disagreement, any non-defaulting owner may initiate a procedure whereby any owner or owners may offer to buy any other owner's respective ownership interest in the McClain Generating Facility, owners may counteroffer, and ultimately one or more owners may be required to sell their ownership interests to other owners, with the purchase price established pursuant to the offer-counteroffer process with no minimum price. If no owner initiates this procedure within the time limits provided, the dispute may be resolved by arbitration.

D. Obligation to Pay Operation and Maintenance Costs

Each owner is responsible for its ownership share of all costs of operation and maintenance (which excludes financing costs, taxes on income or assessed against an owner's ownership interest or share of net available output, or payments in lieu of taxes, and fuel costs) and its variable share of fuel costs, except to the extent otherwise agreed in a Facility Operating Agreement or as discussed below.

E. Fuel Acquisition

Pursuant to the Service Agreement (the "Transportation Agreement") between ONEOK Gas Transportation, L.L.C. ("ONEOK") and the Authority, OG&E has been designated Delivery Point Operator for the McClain Generating Facility. As Delivery Point Operator, OG&E is required to acquire, nominate, schedule and allocate natural gas to the McClain Generating Facility, collectively for itself and as agent for the Authority.

F. Allocation of Net Available Output; Market Dispatch

Subject to scheduling procedures, the availability of the McClain Generating Facility and the Scheduling Exchange Agreement discussed below, each owner is entitled to schedule and take all or any part of its ownership share of the net available output of the McClain Generating Facility.

In the event that OG&E elects not to dispatch the McClain Generating Facility for economic reasons (i.e., reasons unrelated to maintenance, scheduled outages or the like), the Authority has the right to require OG&E to arrange for the delivery to the Authority from a source other than the McClain Generating Facility of an amount of energy up to the amount of energy that the Authority would have been entitled to schedule and receive from the McClain Generating Facility during the period of such election and based on the actual conditions and operating criteria then in effect, and the Authority shall pay OG&E for such energy in an amount equal to the amount of the McClain Generating Facility fuel costs would have paid for such quantity of energy had it been generated by the McClain Generating Facility.

If, during any period in which OG&E is providing the Authority with market energy or the McClain Generating Facility is otherwise not running or available for dispatch, the Authority requires the McClain Generating Facility to be operated to maintain its system reliability or dependability, the Authority has the right to require OG&E to cause the McClain Generating Facility to be operated for such period at its minimum run capacity, and the Authority shall be required to take all energy generated at the McClain Generating Facility during such period and be fully and individually responsible for 100% of all McClain Generating Facility fuel costs associated with the operation of the McClain Generating Facility for such period.

G. Defaults

If a default is limited to a failure of the defaulting owner to make payments, the defaulting owner's ownership share of net available output may be sold during the period of default, for the benefit of the defaulting owner, to third parties or other owner(s) and the proceeds applied to the amounts owed by such owner; provided, that the non-defaulting owner(s) have no obligation to engage in any such sales. Payments not made when due may be advanced by the other owner(s) and, if so advanced, shall bear interest until paid. If a payment default (including accrued interest thereon) has not been brought current by the defaulting owner by the 90th day following the original due date, then, in lieu of receiving a cash payment from the defaulting owner therefor, any non-defaulting owner may elect to increase its respective ownership share (and the ownership share of the defaulting owner shall be correspondingly reduced) according to the following formula: increased interest equals SI multiplied by (A/TV), where SI is the defaulting owner's then current ownership share; A is the aggregate amount then owed by such defaulting owner; and TV is the product of such defaulting owner's then current ownership share multiplied by the total cost of the McClain Generating Facility.

If a default involves the failure of a defaulting owner to fulfill any covenant or to perform any other material obligation, the defaulting owner's ownership share of net available output may be used or sold by the non-defaulting owner(s) as it may in its sole discretion determine during the period of such default, and the value thereof, calculated as the variable cost of producing the energy actually generated from such net available output, shall be credited to any actual damages incurred by the non-defaulting owner(s) as a result of such failure or non-performance.

In addition to the foregoing rights, any non-defaulting owner may seek injunctive relief, including specific performance, to enforce a defaulting owner's obligation under the Ownership and Operation Agreement; provided, that all claims to recover damages or payments on account of any default shall be resolved by arbitration.

V. The Redbud Agreement

A. General

The Redbud Generating Facility ("Redbud") is a 1,230 megawatt natural gas fired, combined cycle electric generating plant located in central Oklahoma near Luther, Oklahoma. The plant has been operational since 2004 and is currently under the ownership of Kelson Holdings, doing business at this plant as Redbud Energy, LLC ("Redbud LLC"). The Redbud project was offered for sale and a consortium of buyers including Oklahoma Gas & Electric Company ("OG&E), Grand River Dam Authority ("GRDA"), and OMPA entered into an agreement to submit a joint proposal to purchase the plant. The arrangements between the three entities purchasing Redbud include the following:

B. Purchase and Sale Agreement

The Purchase and Sale Agreement ("PSA") was entered into by and between OG&E as purchaser and Redbud Energy LLC as Seller, in December, 2007. The PSA provides that Redbud will be purchased for the sum of $852 million. The PSA further recites that OG&E will, promptly after closing of the PSA and the purchase of the Redbud LLC, dissolve the Redbud LLC and then sell undivided interests of all the assets of Redbud LLC to OMPA and GRDA pursuant to the Asset Purchase Agreement.

C. Asset Purchase Agreement

The Asset Purchase Agreement ("APA") was entered into by and among OG&E, GRDA and OMPA in January, 2008. The APA recites that OG&E will purchase the Redbud LLC under the PSA and after becoming the 100% owner of the Redbud Generating Facility will promptly dissolve the Redbud LLC and then sell an undivided thirty six percent (36%) to GRDA for a sum equal to 36% of the PSA purchase price and an undivided thirteen percent (13%) to OMPA for a sum equal to 13% of the PSA purchase price. GRDA and OMPA agree to deposit their share of the required purchase price into an escrow account at least one business day prior to the estimated closing date of the PSA.

D. Ownership and Operating Agreement

The Ownership and Operating Agreement ("O&O) was entered on the 21st day of January, 2008, by and among OG&E, GRDA and OMPA. This O&O provides that the three owners shall own Redbud as tenants in common and the Operations Manager shall be OG&E. The Operations Manager shall operate Redbud in accordance with Prudent Utility Practices. Each owner shall be entitled to receive, schedule and dispatch its pro rata share of capacity and energy from Redbud. Each owner is responsible for the timely payment of its pro-rata share of all operating costs and capital additions. Each owner shall have one representative to the Executive Committee and each representative shall have a single vote equal to its ownership interest. The Executive Committee shall have the power to establish policies and procedures for the operation and maintenance of Redbud. Certain matters require the approval of a supermajority of members, including termination of Redbud operations.

VI. The Unit Power Agreement

A. General

Under the Unit Power Agreement, GRDA sells to the Authority 25 MW of unit power and energy from GRDA's 62% ownership share of GRDA 2, a nominally rated 520 MW coal-fired steam electric generating unit near Chouteau, Oklahoma and placed in commercial operation in April 1986; provided, however, that such 25 MW shall be adjusted if that amount is less than 4.24% or more than 5.00% of the accredited net capability of GRDA 2 in megawatts. GRDA operates and maintains GRDA 2.

B. Purchase of Unit Power

Under the Unit Power Agreement, the unit power and energy purchased by the Authority is supplied to the Authority by GRDA on the basis that it is continuously available except when GRDA 2 is temporarily out of service for maintenance or forced outage. If GRDA 2 is temporarily out of service for maintenance or forced outage, GRDA will deliver replacement energy to the Authority, if it can do so without jeopardizing sales to its other customers, at rates set forth in an exhibit to the Unit Power Agreement. GRDA may provide substitute energy from other sources if the cost of such substitute energy is no greater than the cost of GRDA 2 energy. Under the Unit Power Agreement, the Authority schedules

unit power and energy in amounts up to its generation entitlement percentage of the maximum generating capacity of GRDA 2.

C. Obligation to Pay for Unit Power

As compensation for unit power and energy supplied by GRDA. the Authority pays monthly to GRDA the sum of the following: (1) the Authority's generation entitlement percentage of monthly fixed operating costs of GRDA 2; (2) the Authority's pro rata share of monthly debt service costs attributable to GRDA 2; (3) one-twelfth of an allowance for payment of annual debt service costs associated with common facilities constructed with GRDA 1 and allocable to GRDA 2; (4) the Authority's pro rata share of variable operating costs of GRDA 2; (5) the Authority's pro rata share of fuel costs of GRDA 2; (6) an amount equal to the cost of substitute energy delivered by GRDA to the Authority, if any; and (7) an amount equal to the cost of replacement energy delivered by GRDA to the Authority, if any.

D. Coordinating Committee

The Authority and GRDA have established a Coordinating Committee composed of one representative of the Authority and GRDA. All decisions made and directions given by the Coordinating Committee must be unanimous. In the event a unanimous vote cannot be had, the chief executives of the Authority and GRDA or their designated representatives will resolve the impasse.

The Coordinating Committee shall establish scheduling procedures, operating procedures and standard practices with respect to the Unit Power Agreement for the guidance of dispatchers and other employees as to matters affecting interconnected operations and shall recommend arrangements for metering, communications, scheduling, dispatching and other services in connection with the Unit Power Agreement.

E. Ownership Option

The Authority has the option, subject to the consent of GRDA, to prepay certain costs and thereby become a joint owner of GRDA 2 under mutually agreeable terms and conditions to be negotiated.

[This Page Intentionally Left Blank]

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution pursuant to which the Bonds will be issued. Certain other provisions of the Resolution are described elsewhere in the offering document to which this Appendix is attached (the "Offering Document"). Summaries of certain definitions contained in the Resolution are set forth below. Other terms defined in the Resolution for which summary definitions are not set forth are indicated by capitalization. The following summaries, together with the summaries of provisions included elsewhere herein, do not purport to be a complete description of the terms of the Resolution and, accordingly, are qualified by reference thereto. Copies of the Resolution may be obtained from the Authority.

Definitions

The following are summaries of certain definitions in the Resolution:

Accrued Aggregate Debt Service means, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all series of Bonds, calculating accrued Debt Service with respect to each series at an amount equal to the sum of (1) interest on the Bonds of such series accrued and unpaid and to accrue (as estimated by the Authority) to the end of the then current calendar month and (2) Principal Installments due and unpaid and that portion of the Principal Installment for such series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month. Principal Installments which are Refundable Principal Installments are excluded from the calculation.

Adjusted Aggregate Debt Service for any period means, as of any date of calculation, the Aggregate Debt Service for such period except that, if any Refundable Principal Installment for any Series of Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service will be determined as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of the 35th anniversary of the issuance of such Series of Bonds or the 10th anniversary of the due date of such Principal Installment, in installments which would have required equal annual payments of principal and interest over such period. Interest deemed payable in any Fiscal Year after the actual due date of any Refundable Principal Installment of any Series of Bonds shall be calculated at the average rate of interest actually payable on the Bonds of such Series at the time the calculation is made (using the true, actuarial method of calculation) or such higher rate as the Authority determines appropriate.

Aggregate Debt Service for any period means, as of any date of calculation, the sum of the amounts of Debt Service on Bonds of all Series due and payable during such period; provided, however, that for purposes of estimating Aggregate Debt Service for any future period, any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof.

Cost of Acquisition and Construction, with respect to any part of the System, shall mean the Authority's costs, expenses and liabilities paid or incurred or to be paid or incurred by the Authority in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, operating, maintaining, retiring, decommissioning and disposing of any part thereof and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto.

Credit Obligation means any obligation of the Authority under a contract, having a term in excess of five years, to make payments for power and energy whether or not such power and energy is made available, but only to the extent such obligation is payable from any fund or account created under the Resolution.

Debt Service, for any period, as of any date of calculation and with respect to any Series of Bonds, means an amount equal to the sum of (1) interest accruing during such period with respect to Bonds of such Series (except interest to be paid from proceeds of Bonds or Subordinated Indebtedness as provided in the Resolution) and (2) that portion of each Principal Installment for such series which would accrue during such period if such Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there be no such preceding Principal Installment due date or the next preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever is later).

Debt Service Reserve Requirement means, as of any date of calculation, an amount equal to the maximum Adjusted Aggregate Debt Service on Bonds then outstanding in the then current or any future calendar year excluding interest to be paid from deposits made from proceeds of Bonds or Subordinated Indebtedness in the Debt Service Account in the Debt Service Fund (including amounts, if any, transferred thereto from the Construction Fund). For the purposes of this definition, any Bonds outstanding which bear interest at a variable rate will be assumed to bear interest at a constant rate equal to the rate borne by such Bonds on the date they are issued plus one-half the difference between such rate and the maximum rate permitted by the terms thereof.

The Authority has amended the Resolution, effective at a later date, to change "maximum Adjusted Aggregate Debt Service" as used in calculating the Debt Service Reserve Requirement to "one-half of the maximum Adjusted Aggregate Debt Service." See "Amendments to Resolution" below.

Investment Securities means and includes any of the following securities, if and to the extent the same are at the time legal for investment of Authority funds:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America and any certificates or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (i);

(ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are (x) not callable prior to maturity or (y) as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption

date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and any certificates or any other evidences of an ownership interest in obligations or specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (ii);

(iii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;

(iv) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state, provided that at the time of their purchase under the Resolution such obligations are rated by a nationally recognized bond rating agency in either of its two highest rating categories;

(vi) certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee), which is a member of the Federal Deposit Insurance Corporation and savings and loans associations which are members of the Federal Savings and Loan Insurance Corporation, provided that the aggregate principal amount of all certificates of deposit issued by any such bank, trust company, national banking association or savings and loan association which are purchased with moneys held in any Fund under the Resolution shall not exceed at any time 5% of the total of the capital, surplus and undivided earnings of such bank, trust company, national banking association or savings and loan association unless such certificates of deposit are (1) fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (2) secured, to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation by such securities as are described in clauses (i) through (v), inclusive, above having a market value (exclusive of accrued interest other than accrued interest paid in connection with the purchase of such securities) at least equal to the principal amount of such certificates of deposit (or portion thereof not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation) which shall be lodged with the Trustee or a Depositary, as custodian, by such bank, trust company, national banking association or savings and loan association, and such bank, trust company, national banking association or savings and loan association shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing such certificates of deposit will at all times be an amount which meets the requirements of this clause (2) and the Trustee shall be entitled to rely on each such undertaking;

(vii) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by a nationally recognized rating agency in its highest rating category, and by at least one other nationally recognized rating agency in either of its two highest rating categories, for comparable types of debt obligations;

(viii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (which may include the Trustee) or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, if the securities which are the subject of such agreement are any or one or

more of the securities described in clauses (i), (ii), (iii), (iv), (vi) or (vii) above which securities shall at all times have a market value not less than the full amount of the repurchase agreement; and

(ix) interests in a portfolio of money market instruments containing obligations described in clauses (i), (vi), (vii) or (viii) above.

Net Revenues for any period mean the Revenues during such period, determined on an accrual basis, plus (x) the amounts, if any, paid from the Rate Stabilization Account in the Revenue Fund into the Revenue Account in the Revenue Fund during such period (excluding from (x) amounts included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Account in the Revenue Fund to the Revenue Account in the Revenue Fund) and minus (y) the sum of (a) Operation and Maintenance Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues and (b) the amounts, if any, paid from the Revenue Account in the Revenue Fund into the Rate Stabilization Account in the Revenue Fund during such period.

Operation and Maintenance Expenses mean all the Authority's costs and expenses for operation, maintenance, and ordinary repairs, renewals and replacements of the System, including all costs of producing and delivering electric power and energy from the System and payments into reserves in the Operation and Maintenance Fund for items of Operation and Maintenance Expenses the payment of which is not immediately required.

Refundable Principal Installment means any Principal Installment for any Series of Bonds which the Authority intends to pay with moneys which are not Revenues.

Revenues mean (i) all revenues, income, rents and receipts derived by the Authority from or attributable to the ownership and operation of the System, including all revenues attributable to the System or to the payment of the costs thereof received by the Authority under any contract for the sale of power, energy, transmission or other service from the System or any part thereof or any contractual arrangement with respect to the use of the System or any portion thereof or the services, output or capacity thereof, (ii) the proceeds of any insurance covering business interruption loss relating to the System, and (iii) interest received on any moneys or securities held pursuant to the Resolution and paid or required to be paid into the Revenue Account in the Revenue Fund.

System means all properties and interests in properties of the Authority, including all electric production, transmission, distribution, general plant and other related facilities and any mine, well, pipeline, plant, structure or other facility for the development, production, manufacture, transportation, storage, fabrication or processing of fossil, nuclear or other fuel of any kind, or any facility or rights with respect to the supply of water, in each case for use, in whole or in major part, in any of the Authority's generating plants, now existing and hereafter acquired by lease, contract, purchase or otherwise or constructed by the Authority, including any interest or participation of the Authority in any such facilities, together with all additions, betterments, extensions and improvements to said system or any part thereof hereafter made and together with all lands, easements, licenses and rights of way of the Authority and all other works, property or structures of the Authority and rights to the use of any thereof or the output, products or services therefrom or other contract rights, including, without limitation, rights for the purchase of power and energy, transmission or other services from others, and other tangible and intangible assets of the Authority used or useful in connection with or related to said system. Notwithstanding the foregoing definition of the term System, such term shall not include any properties or interests in properties of the Authority which the Authority determines shall not constitute a part of the System for the purpose of the Resolution.

Under the Resolution, the Authority has covenanted that it will not make any determination, pursuant to the second sentence of the foregoing definition of the term System and the same definition of such term in the Power Sales Contracts, that any properties or interests in properties do not constitute a part of the System for the purposes of the Resolution or the Power Sales Contracts unless either (a) such determination is made prior to the acquisition of such properties or interests in properties or (b) such determination is made in accordance with the covenant described below under "Certain Other Covenants—Disposition of System."

Application of Revenues

The Trust Estate is pledged by the Resolution to payment of principal of and interest and redemption premium on the Bonds of all Series, subject to the provisions of the Resolution permitting application for other purposes. For the application of Revenues, the Resolution establishes a Revenue Fund, an Operation and Maintenance Fund, a Reserve and Contingency Fund and a General Reserve Fund, held by the Authority, a Debt Service Fund held by the Trustee, and a Subordinated Indebtedness Fund to be held as provided in the Supplemental Resolution providing for the issuance of Subordinated Indebtedness. The Resolution also provides for the establishment of a Decommissioning Fund. If and when established, the Decommissioning Fund will not be pledged as security for the Bonds.

Pursuant to the Resolution, all Revenues of the Authority and amounts transferred from any other fund are to be deposited into the Revenue Account in the Revenue Fund as received, and in any event within ten days after receipt. Each month the Authority is to make transfers from the Revenue Account to the Rate Stabilization Account (also in the Revenue Fund), or from the Rate Stabilization Account to the Revenue Account, in accordance with the then current Annual Budget or as otherwise determined by the Authority. Amounts in the Revenue Account in the Revenue Fund are to be paid monthly to the following Funds for application therefrom as follows:

1. To the Operation and Maintenance Account and the Working Capital Account in the Operation and Maintenance Fund, the respective amounts required to provide for Operation and Maintenance Expenses estimated to be paid through the next month and estimated working capital required for the next month and, in the case of the Working Capital Account, such additional amounts, for long-term purposes, as the Annual Budget shall require to be deposited in such Account. Amounts which the Authority determines to be excess in the Operation and Maintenance Account and the Working Capital Account are to be applied by the Trustee in the same manner as Revenues.

Credit Obligations may be paid as Operation and Maintenance Expenses, but only if the Consulting Engineer certifies, at the time the Authority enters into the power sales contract relating thereto, to the effect that, if such Credit Obligation is so paid, estimated Net Revenues for each fiscal year beginning with the year in which the Credit Obligation becomes effective and ending with the later of the fifth full fiscal year thereafter or the first full fiscal year in which less than 10% of the interest coming due on Bonds estimated to be outstanding is paid from Bond proceeds, are at least equal to 1.10 times Adjusted Aggregate Debt Service for each such fiscal year. The Consulting Engineer's estimate of Net Revenues may take into consideration factors outlined under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds; Conditions to Issuance–Projected Debt Service Coverage" in the Offering Document.

The Authority has amended the Resolution, effective at a later date, to substitute an historical coverage test similar to the historical Additional Bonds test for the foregoing projection. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds; Conditions to Issuance - Historical Debt Service Coverage" in the Offering Document.

To the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund, the respective amounts required so that the balances in such Accounts equal the Accrued Aggregate Debt Service and the Debt Service Reserve Requirement, respectively. Any deficiencies in the Debt Service Reserve Account, other than a deficiency resulting from a transfer of moneys from such Account to the Debt Service Account, shall be cured by equal monthly deposits over the twelve months following the determination of the deficiency. Deposits required following a subsequent valuation of investment securities in the Debt Service Reserve Account during such calendar year will be based upon such subsequent valuation.

The Authority has amended the Resolution, effective at a later date, to provide for the ability of the Authority to defer monthly transfers to the Debt Service Fund and make one or more transfers equaling the aggregate amount of those not made no later than the time the next payment is required to be made from the Debt Service Account. See "Amendments to Resolution" below.

Amounts in the Debt Service Account are applied by the Trustee to pay the principal or redemption price of and interest on the Bonds. In addition, the Trustee may, and if directed by the Authority must, apply such amounts to the purchase or redemption of Bonds to satisfy sinking fund requirements.

Amounts in the Debt Service Reserve Account are applied to make up any deficiency in the Debt Service Account. Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all outstanding Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Account will be transferred to the Debt Service Account. When moneys on deposit in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement, the excess will, upon request of the Authority, be applied by the Trustee to make up deficiencies in other accounts.

In lieu of the required transfers of moneys to the Debt Service Reserve Account, the Authority may cause to be deposited into the Debt Service Reserve Account for the benefit of the holders of the Bonds an irrevocable surety bond, an insurance policy, a letter of credit or any other similar obligation in an amount equal to the difference between the Debt Service Reserve Requirement and the sums of the moneys or value of Investment Securities then on deposit in the Debt Service Reserve Account, if any.

2. To the Subordinated Indebtedness Fund, the amounts required to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness of the Authority due in such month and reserves therefor as required by the Supplemental Resolution authorizing such Subordinated Indebtedness. However, if at any time there is a deficiency in the Debt Service Account or the Debt Service Reserve Account and the available funds in the General Reserve Fund or the Reserve and Contingency Fund are insufficient to cure such deficiency, the Trustee will transfer from the Subordinated Indebtedness Fund the amount sufficient to cure such deficiency.

3. To the Reserve and Contingency Fund, the amount budgeted by the Authority for such Fund for the current month. Amounts in the Reserve and Contingency Fund are for the payment of Development Costs and costs of major repairs, renewals and improvements to the Authority's System and for the payment of extraordinary operation and maintenance expenses and contingencies to the extent payment therefor has not been provided for in the annual budget of the Authority, by reserves credited to the Operation and Maintenance Fund or from Bond proceeds.

If at any time the amounts in the Debt Service Account or in the Debt Service Reserve Account are less than the amounts required by the Resolution, and there are not on deposit in the General Reserve

Fund available funds sufficient to cure such deficiency, then the Authority will transfer from the Reserve and Contingency Fund to the Trustee the amount necessary to make up such deficiency.

Amounts in the Reserve and Contingency Fund not required for any of the above purposes may be transferred to the Decommissioning Fund, if theretofore established, or to the General Reserve Fund.

4. To the General Reserve Fund, the balance, if any, in the Revenue Account. The Authority will transfer from the General Reserve Fund amounts in the following order of priority: (a) to the Debt Service Account and the Debt Service Reserve Account, in that order, the amount necessary to make up any deficiencies in payments to said Accounts, (b) to the Debt Service Reserve Account the amount of any deficiency in such Account resulting from any transfer to the Debt Service Account, and (c) to the Reserve and Contingency Fund the amount necessary to make up any deficiencies in payments to said Fund. Amounts in the General Reserve Fund which are not needed for the foregoing purposes may, upon the direction of the Authority, be used for certain enumerated purposes and other lawful purposes of the Authority not prohibited by the Resolution.

Construction Fund

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

Upon requisition of the Authority, the Trustee will pay from the Construction Fund amounts in payment of the Cost of Acquisition and Construction of the facilities financed by the issuance of a series of Bonds. A revolving fund of up to $2,500,000 is established for convenient payment by the Authority of certain items of Cost of Acquisition and Construction which are not appropriately handled by requisition from the Trustee. Amounts in the Construction Fund which the Authority at any time determines to be in excess of the amounts required for the purposes thereof are to be transferred to the Debt Service Reserve Account, to the extent necessary for the funds in such account to equal the Debt Service Reserve Requirement, and the balance is to be paid to the Authority for credit to the General Reserve Fund. To the extent that other moneys are not available therefor, amounts in the Construction Fund will be applied to the payment of principal of and interest on Bonds when due.

The Authority may discontinue its participation in the acquisition or construction of facilities financed by the issuance of a series of Bonds if the Board of Directors of the Authority determines that to do so is necessary or desirable in the conduct of the business of the Authority and not disadvantageous to Bondholders.

Investment of Certain Funds and Accounts

The Resolution provides that certain Funds and Accounts held thereunder may, and in the case of the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund and the Subordinated Indebtedness Fund (subject to the terms of any resolutions, indentures, or other instruments securing any issue of Subordinated Indebtedness) must, be invested to the fullest extent practicable in Investment Securities. The Resolution provides that such investments will mature no later than such times as necessary to provide moneys when needed for payments from such Fund and Accounts. Investment Securities are to be valued as of each December 31 and at such other times as the Authority shall determine. Investment Securities are to be valued at the amortized cost or the market value thereof,

whichever is lower, except that Investment Securities maturing in less than five years after the date of valuation are to be valued at the amortized cost thereof.

Unless otherwise determined by the Authority, net interest earned on any moneys or investments in such Funds or Accounts, other than the Construction Fund, is to be paid into the Revenue Account in the Revenue Fund and interest on moneys or investments in the Construction Fund is to be held in such Fund.

Subordinated Indebtedness

The Authority may issue Subordinated Indebtedness payable out of and secured by amounts in the Subordinated Indebtedness Fund or the General Reserve Fund.

Issuance of Other Indebtedness

The Resolution does not restrict the issuance by the Authority of other indebtedness to finance facilities which are not a part of the Authority's System. Such indebtedness may be secured by a mortgage of the facility so financed or a pledge of the revenues therefrom. No such indebtedness may be payable out of or secured by the Trust Estate.

Covenant as to Rents, Rates and Other Charges

Under the Resolution, the Authority has covenanted that it will establish and collect rents, rates and charges under the Power Sales Contracts and shall otherwise charge and collect rents, rates, and charges for the use or sale of the output, capacity or service of the System which, together with other available Revenues, are reasonably expected to yield Net Revenues for the 12-month period commencing with the effective date of such rents, rates and charges equal to at least 1.10 times the Aggregate Debt Service for such period and, in any event, as are required, together with other available funds, to pay or discharge all other indebtedness, charges and liens payable out of Revenues under the Resolution. For purposes of this covenant, amounts required to pay Refundable Principal Installments may be excluded from Aggregate Debt Service to the extent that the Authority intends to make such payment from sources other than Revenues. Promptly upon any material change in the circumstances contemplated when such rents, rates and charges were most recently reviewed, but not less frequently than once every 12 months, the Authority is required to review the rents, rates and charges so established and promptly to revise such rents, rates and charges as necessary to comply with the foregoing requirements, provided that such rents, rates and charges must in any event produce moneys sufficient to enable the Authority to comply with all its covenants under the Resolution.

Certain Other Covenants

Creation of Liens. The Authority will not issue any bonds, notes, debentures or other evidences of similar nature, other than the Bonds, payable out of or secured by the Trust Estate or other moneys, securities or funds held or set aside under the Resolution nor will it create any lien or charge thereon, except (l) evidences of obligations (a) payable out of moneys in the Construction Fund as part of the Cost of Acquisition and Construction of the System or (b) payable out of, or secured by a security interest in or pledge or assignment of, Revenues to be received after the discharge of the lien on such Revenues provided in the Resolution or (2) Subordinated Indebtedness.

Disposition of System. Except as described in this paragraph, the Authority may not sell, lease, mortgage or otherwise dispose of any part of the System. The Authority may sell or exchange property or facilities of the System (a) which are not useful in its operations, or (b) the book value of which is not

more than 1% of the book value of the assets of the System at such time or (c) as to which the Consulting Engineer certifies that the ability of the Authority to comply with the covenant as to rates and charges described above will not be impaired. The proceeds of any such sale or exchange not used to acquire other property for the System are to be deposited in the General Reserve Fund. If certain conditions are satisfied, the Authority also may lease or make contracts or grant licenses, easements or rights for the operation or use of or with respect to, any part of the System. Payments received by the Authority under any such arrangement will constitute Revenues.

The Authority has amended the Resolution, effective at a later date, to provide that the certification of the Consulting Engineer as described in clause (c) of the second sentence in the preceding paragraph shall be made instead by an Authorized Officer of the Authority setting forth a determination of the Authority's Board of Directors. See "Amendments to the Resolution" below.

Power Sales Contracts; Amendment. The Authority will collect and deposit in the Revenue Account in the Revenue Fund within ten days after receipt thereof all amounts payable to it pursuant to the Power Sales Contracts or any other contract for the sale or use of output, capacity or other service from the System or any part thereof. The Authority will enforce the provisions of the Power Sales Contracts and duly perform its covenants and agreements thereunder and will not consent or agree to or permit any rescission of or amendment to any Power Sales Contract unless (i) such action will not impair the Authority's ability to comply with the covenant as to rates and charges set forth above, as evidenced by a certificate of the Consulting Engineer, and (ii) such action will not have a material adverse effect on the interests of Bondholders as evidenced by a determination of the Authority's Board of Directors. For this purpose, an amendment will not be deemed to include the extension of the term of any Power Sales Contract, the change of the full requirement period of any Power Sales Contract, any change in or amendment to any schedule to any Power Sales Contract or any amendment to any Power Sales Contract to permit a public trust or eligible public agency to purchase from the Southwestern Power Administration and utilize in its municipal electric system additional capacity and related energy.

The Authority has amended the Resolution, effective at a later date, to provide that the certificate of the Consulting Engineer described in clause (i) of the second sentence of the preceding paragraph shall be made instead by an Authorized Officer of the Authority setting forth a determination of the Authority's Board of Directors. See "Amendments to the Resolution" below.

Insurance. Subject to the requirement that insurance is obtainable at reasonable rates and upon reasonable terms and conditions, the Authority will keep the properties of the System which are of an insurable nature and of the character usually insured by those operating properties similar to the System insured against loss or damage by fire and from other causes customarily insured against and in amounts usually obtained. Subject to such conditions, the Authority will also maintain such insurance or reserves against loss or damage from such hazards and risk to the person or property of others as are usually insured or reserved against by those operating properties similar to the properties of the System.

Reconstruction; Application of Insurance Proceeds. If any useful portion of the System is damaged or destroyed, the Authority will prosecute the reconstruction or replacement thereof, unless the Consulting Engineer determines that such reconstruction or replacement is not in the interests of the Authority and the Bondholders or unless it is determined under the provisions of any agreement relating to co-ownership of such portion of the System that such reconstruction or replacement is not to be undertaken. The proceeds of insurance paid on account of such damage or destruction will be used for the cost of such reconstruction or replacement, except proceeds of business interruption insurance which will be paid into the Revenue Account in the Revenue Fund.

The Authority has amended the Resolution, effective at a later date, to provide that the determination of the Consulting Engineer described in the first sentence of the preceding paragraph shall be made instead by an Authorized Officer of the Authority. See "Amendments to the Resolution" below.

Amendment of Resolution

The Resolution and the rights and obligations of the Authority and of the holders of the Bonds may be amended by a Supplemental Resolution with the written consent of the holders of a majority in principal amount in each case of (i) all Bonds then outstanding, and (ii) in case less than all of the Series of outstanding Bonds are affected, the Bonds of each Series so affected, and (iii) in case the modification or amendment changes the terms of any sinking fund installment, the Bonds of the particular Series and maturity entitled to the benefit of the sinking fund. No such modification or amendment may (A) permit a change in the terms of redemption or maturity or any installment of interest or a reduction in the principal, redemption price or rate of interest thereon without consent of each affected holder, or (B) reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment. For purposes of the foregoing, the holders of Bonds may include the initial holders thereof regardless of whether such Bonds are being held for subsequent resale.

The Resolution may be amended, with the consent of the Trustee but without the consent of Bondholders, (i) to cure any ambiguity, omission, defect or inconsistent provision in the Resolution; (ii) to insert provisions clarifying the Resolution; or (iii) to make any other modification or amendment of the Resolution which the Trustee, in its sole discretion, determines will not have a material adverse effect on the interests of Bondholders.

Without the consent of the Bondholders or the Trustee, the Authority may adopt a Supplemental Resolution which (i) closes the Resolution against, or provides additional conditions to, the issuance of Bonds or other evidences of indebtedness; (ii) adds covenants and agreements of the Authority; (iii) adds limitations and restrictions to be observed by the Authority; (iv) authorizes Bonds of an additional series; (v) confirms any security interest, pledge or assignment of the Revenues or of any other moneys, securities or funds; (vi) makes any modification which is to be effective only after all Bonds of each Series outstanding as of the date of the adoption of such Supplemental Resolution cease to be outstanding; and (vii) authorizes Subordinated Indebtedness.

Defeasance

The pledge of and security interest in the Trust Estate and all covenants, agreements and other obligations of the Authority to the holders of the Bonds under the Resolution will cease, terminate and become void and be discharged and satisfied whenever all Bonds have been paid in full. Bonds will be deemed to have been so paid whenever the following conditions are met: (a) in the case of Bonds to be redeemed prior to maturity, the Authority has given to the Trustee instructions to mail the notice of redemption therefor, (b) there have been deposited with the Trustee either moneys in an amount which will be sufficient, or Investment Securities (as described below), the principal of and the interest on which, when due, will provide moneys which, together with any moneys also deposited with the Trustee, will be sufficient, to pay when due the principal or redemption price, if applicable, and interest due or to become due on such Bonds, and (c) in the event such Bonds are not to be redeemed within the next succeeding 60 days, the Authority has given to the Trustee instructions to mail a notice to the holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay the principal or redemption price, if applicable, on such Bonds. The Trustee will, as and to the extent necessary, apply moneys held by it as above described to the retirement of said Bonds in amounts

equal to the unsatisfied balances of any sinking fund installments with respect to such Bonds, all in the manner provided in the Resolution.

If so directed by the Authority prior to (i) the maturity date of Bonds deemed to have been paid as described in the next preceding paragraph which are not to be redeemed prior to their maturity date or (ii) the mailing of the notice referred to in clause (a) above with respect to Bonds deemed to have been paid as described above which are to be redeemed prior to their maturity date, the Trustee is required to apply moneys deposited with it in respect of Bonds in accordance with clause (a) above and redeem or sell Investment Securities so deposited with it and apply the proceeds thereof to the purchase of such Bonds and the Bonds so purchased shall be immediately cancelled by the Trustee. No such Bonds shall be purchased unless the moneys and Investment Securities remaining on deposit with the Trustee after such purchase and cancellation would be sufficient to pay when due the Principal Installment or redemption price, if applicable, and interest due, or to become due, on all remaining Bonds in respect to which such moneys and Investment Securities are being held by the Trustee. If, at any time prior to the happening of the events described above, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered. In the event that on any date as a result of any such purchases or deliveries and cancellations of Bonds the total amount of moneys and Investment Securities remaining on deposit with the Trustee is in excess of the total amount required to be deposited with the Trustee on such date in respect to the remaining Bonds in order to comply with clause (b) of the preceding paragraph, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of the pledge or lien of the Resolution.

For purposes of defeasance, Investment Securities mean (a) only such securities as are described in clause (i) and such Project Notes as are described in clause (iv) of the definition of Investment Securities which are not subject to redemption prior to their maturity other than at the option of the holder thereof; (b) such securities as are described in clause (ii) of the definition of Investment Securities which are not subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof or (c) upon compliance with the provisions of the following paragraph, securities described in clause (i) of the definition of Investment Securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates. The Authority has amended the Resolution, effective at a later date, to add the securities described in clauses (ii) and (iii) of the definition of Investment Securities as Investment Securities for purposes of defeasance. See "Definitions" above and "Amendments to the Resolution" below.

Investment Securities described in clause (c) of the foregoing paragraph may be included in the Investment Securities deposited with the Trustee for purposes of defeasance only if the determination as to whether the moneys and Investment Securities to be deposited with the Trustee would be sufficient to pay when due, either at the maturity date thereof or, in the case of any Bonds to be redeemed prior to the maturity date thereof, on the redemption date or dates specified in any notice of redemption to be mailed by the Trustee or in the instructions to mail notice of redemption provided to the Trustee in accordance with the Resolution, the principal and redemption price, if applicable, and interest on the Bonds is made both on the assumption that the Investment Securities described in clause (c) of the foregoing paragraph were not redeemed at the option of the issuer prior to the maturity date thereof and on the assumptions that such Investment Securities would be redeemed by the issuer thereof at its option on each date on which such options could be exercised, that as of such date or dates interest ceased to accrue on such Investment Securities and that the proceeds of such redemption would not be reinvested by the Trustee.

In the event that Investment Securities described in such clause (c) are deposited with the Trustee, then any notice of redemption to be mailed by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Authority, that any redemption date or dates in respect of all or any portion of the Bonds to be redeemed on such date or dates may at the option of the Authority be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with the defeasance provisions of the Resolution upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of such Investment Securities have been called for redemption or have been redeemed by the issuer thereof prior to the maturity date thereof.

Events of Default; Remedies

Events of default under the Resolution include (i) failure to pay the principal or redemption price of any Bond when due; (ii) failure to pay any installment of interest on any Bond or the unsatisfied balance of any sinking fund installment when due; (iii) failure to make a required deposit in any Fund or Account when due and continuance thereof for a period of 180 days after notice; (iv) failure by the Authority to perform or observe any other covenants, agreements, or conditions contained in the Resolution or the Bonds and continuance thereof for a period of 90 days after notice; (v) a judgment for the payment of money in excess of $10,000,000 being rendered against the Authority which remains undischarged and unstayed for a period of 90 days after entry of such judgment or continuance of such judgment undischarged or unstayed for a period of 90 days after the termination of any stay entered within such first mentioned 90 days; and (vi) certain events of bankruptcy or insolvency. Upon the happening of such an Event of Default, the Trustee or the holders of not less than 25% in principal amount of the Bonds then outstanding may declare the principal of and accrued interest on the Bonds due and payable (subject to a rescission of such declaration upon the curing of such default before the Bonds have matured). ***The Revenue Requirements payable by the Participating Trusts do not include debt service on Bonds due solely by virtue of the acceleration of the maturity of such Bonds.*** See "Payments by the Participating Trusts" in Appendix D hereto.

Unless and until an event of default is remedied, the Trustee may proceed, and upon written request of the holders of not less than 25% in principal amount of the Bonds then outstanding must proceed, to protect and enforce its rights and the rights of the holders of the Bonds under the Resolution by a suit or suits in equity or at law (which may include a suit for the specific performance of any covenant contained in the Resolution) or in the enforcement of any other legal or equitable right as the Trustee deems most effectual to enforce any of its rights or to perform any of its duties under the Resolution.

During the continuance of an event of default under the Resolution, the Trustee is to apply moneys, securities, funds and Revenues received by the Trustee as follows and in the following order: (i) charges, expenses and liabilities of the Trustee and any paying agents; (ii) reasonable and necessary Operation and Maintenance Expenses and reasonable renewals, repairs and replacements of the System necessary in the judgment of the Trustee to prevent a loss of Revenues; and (iii) to the interest and principal or redemption price then due on the Bonds and on Subordinated Indebtedness (according to priorities delineated in the Resolution).

No Bondholder has any right to institute any suit, action or proceeding for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless (1) such Bondholder previously has given the Trustee written notice of the Event of Default, (2) the holders of at least 25% in principal amount of the Bonds then outstanding have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such suit, action or proceeding, (3) there have been offered by such holders to the

Trustee adequate security and indemnity against its costs, expenses and liability to be incurred and (4) the Trustee has refused to comply with such request within 60 days after receipt of such notice, request and offer of indemnity. Nothing in the Resolution or the Bonds affects or impairs the Authority's obligation to pay the Bonds and interest thereon when due or the right of any Bondholder to enforce such payment.

Trustee and Paying Agents

The Resolution requires the appointment by the Authority of a Trustee and one or more Paying Agents (who may be the Trustee) for the Bonds of each Series. The Trustee may resign on 60 days' notice and may at any time be removed with or without cause by the holders of a majority in principal amount of the Bonds then outstanding. Successor Trustees may be appointed by the holders of a majority in principal amount of Bonds then outstanding, and failing such an appointment the Authority must appoint a successor to hold office until the Bondholders act. So long as no Event of Default, or event which would mature into an Event of Default, has occurred and is continuing, the Trustee may be removed at any time for cause by the Authority. Any successor Trustee must be bank or trust company or national banking association having capital stock, surplus and undivided earnings aggregating at least $50,000,000 if there be such an entity willing to accept appointment.

The Authority has amended the Resolution, effective at a later date, to provide that the Trustee may be removed by the Authority at any time with or without cause so long as no Event of Default, or event which would become an Event of Default, has occurred and is continuing. See "Amendments to the Resolution" below.

Amendments to the Resolution

The Thirteenth Supplemental Resolution adopted February 8, 2001, authorizing the Authority's Series 2001A Bonds made the following amendments, effective after either (a) all Bonds of each Series Outstanding at the date of adoption of the Thirteenth Supplemental Resolution shall cease to be Outstanding or (b) after the Holders of such Bonds at the time Outstanding shall have consented to such amendments in accordance with the Power Supply System Revenue Bond Resolution. The Holder of each Series 2001A Bond, and of any Bond issued on the same day or at any time thereafter, shall be deemed to have consented to such amendments. For purposes of such amendments becoming effective with Bondholder consent as contemplated by clause (b) above, only Bonds Outstanding at the date of adoption of the Thirteenth Supplemental Resolution shall be taken into account.

1. *Amendment to the definition of Debt Service Reserve Requirement.* The current definition of Debt Service Reserve Requirement is calculated based upon the maximum Adjusted Aggregate Debt Service. The amendments provide that the calculation be based upon an amount equal to one-half of the maximum Adjusted Aggregate Debt Service.

2. *Amendment to the General Provisions for Issuance of Bonds.* The requirement of a prospective Net Revenue Additional Bonds test is deleted.

3. *Amendment Relating to Credit Obligations.* The projected coverage test for determining the eligibility of Credit Obligations to be treated as Operation and Maintenance Expenses has been changed to an historical coverage test similar to the historical Additional Bonds test.

4. *Amendment relating to Payments Into Certain Funds.* The requirement that the Authority transfer funds from the Revenue Account in the Revenue Fund to Funds and Accounts as soon as is practicable has been amended to require the transfer of such funds in such a manner as to assure good funds in such Funds and Accounts when needed for the purposes thereof.

5. *Amendment relating to Payments Into Certain Funds.* The requirement that the Authority transfer to the Debt Service Account each month that amount, if any, necessary to maintain a balance in said account equal to the Accrued Aggregate Debt Service as of the last day of the then current month has been amended so as to allow the Authority to defer these monthly transfers to the Debt Service Fund and make one or more transfers equaling the aggregate amount of those not made no later than the time the next payment is required to be made from the Debt Service Account.

6. *Amendment relating to Subordinated Indebtedness Fund.* The Resolution has been amended to clarify that amounts on deposit in any debt service reserve for Subordinated Indebtedness are not available for withdrawal to cure deficiencies in the Debt Service Account or Debt Service Reserve Account, and are not subject to the security interest and pledge created by the Resolution for the Bonds.

7. *Amendment relating to Creation of Liens; Sale and Lease of Property.* The requirement that the Authority file a certificate of the Consulting Engineer stating that, with respect to a sale or exchange of property, such sale or exchange will not will not impair the Authority's ability to collect rents, rates and charges sufficient to comply with its responsibilities under the Resolution has been amended so that such certification shall be made by an Authorized Officer of the Authority setting forth a determination of the Authority's Board of Directors.

8. *Amendment of Consulting Engineer Requirement.* The requirement that the Authority employ a Consulting Engineer until the Bonds and the interest thereon have been paid or provision for such payment has been made has been amended so that the Authority may employ the Consulting Engineer from time to time for the purposes of carrying out the duties imposed on the Consulting Engineer by the Resolution. Further, the requirement that the Consulting Engineer so employed be satisfactory to the Trustee has been deleted.

9. *Amendment relating to Power Sales Contracts.* The requirement that prior to consent to any rescission of or amendment to any Power Sales Contract, the Authority deliver to the Trustee a certificate of the Consulting Engineer stating that such action will not impair the Authority's ability to collect rents, rates and charges sufficient to comply with its responsibilities under the Resolution has been amended so that such certification shall be made by an Authorized Officer of the Authority setting forth a determination of the Authority's Board of Directors.

10. *Amendment relating to Maintenance of Insurance.* The requirement that the Authority annually file with the Trustee a certificate describing the insurance in effect, damages to the System during such fiscal year, proceeds of insurance covering such loss or damage, and other related matters has been deleted.

11. *Amendment relating to Reconstruction; Application of Insurance Proceeds.* The requirement that any useful portion of the System that is damaged or destroyed be replaced or repaired unless a certificate of the Consulting Engineer is filed with the Trustee stating that such repair or replacement is not in the interest of the Authority and the Bondholders, or unless it is determined under any agreement of co-ownership of such portion of the System that such repair or replacements are not to be undertaken, has been amended so that such certification shall be made by the Authority in a certificate signed by an Authorized Officer of the Authority.

Further, the requirement of a certificate of the Consulting Engineer before moneys in the Reserve and Contingency can be supplied to make up any deficiency of insurance proceeds applied to the reconstruction or replacement of any portion of the System as described above has been amended so that the certification shall be made by the Authority in a certificate signed by an Authorized Officer of the Authority.

12. *Amendment relating to Reports.* The requirement that the Authority file with the Trustee every five years a report or survey with respect to the operation and maintenance of the properties constituting the System has been amended so that the requirement has been deleted.

13. *Amendment relating to Removal of Trustee.* The limitation on the Authority's ability to remove the Trustee only for cause has been amended so that the Authority may remove the Trustee by resolution at any time, with or without cause, so long as no Event of Default or an event which would become an Event of Default has occurred and is continuing.

14. *Amendment Relating to Defeasance Investment Securities.* The Investment Securities described in clauses (ii) and (iii) of the definition thereof summarized under "Definitions" above have been added to the list of Investment Securities eligible to defease Bonds.

[This Page Intentionally Left Blank]

APPENDIX G

The following is the form of the Continuing Disclosure Undertaking executed and delivered by the Authority in connection with the original delivery of the 2005A Bonds on October 6, 2005.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by the Oklahoma Municipal Power Authority (the "Authority"), in connection with the issuance of $62,400,000 Oklahoma Municipal Power Authority Power Supply System Revenue Refunding Bonds, Series 2005A (the "2005A Bonds"). The 2005A Bonds are being issued pursuant to the Oklahoma Municipal Power Authority Act, 11 O.S. 2001, §§ 24-101 *et seq.*, as amended, and the Authority's Power Supply System Revenue Bond Resolution adopted on June 10, 1985 (which, as supplemented and amended to the date hereof, including by the Eighteenth Supplemental Power Supply System Revenue Bond Resolution adopted on September 8, 2005, is herein defined as the "Resolution").

Pursuant to the Resolution, the Authority agrees as follows:

The Authority does hereby covenant and agree and enter into a written undertaking (a) for the benefit of the holders and beneficial owners of the 2005A Bonds in accordance with Section (b)(5)(i) of Securities and Exchange Commission (the "SEC") Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule") and (b) in order to assist Wachovia Bank, National Association, and any other underwriter of the 2005A Bonds, as Participating Underwriters under the Rule, to comply with the Rule. Capitalized terms used in this Undertaking and not otherwise defined in the Resolution shall have the meanings assigned such terms below. It being the intention of the Authority that there be full and complete compliance with the Rule, this Undertaking shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.

The Authority undertakes to provide the following information as provided in this Undertaking:

(a) Annual Financial Information;

(b) Audited Financial Statements, if any; and

(c) Material Event Notices.

The Authority shall while any 2005A Bonds are outstanding provide the Annual Financial Information and Audited Financial Statements, if any, with respect to the Authority and, to the extent they can practicably be obtained by the Authority, the Annual Financial Information and Audited Financial Statements, if any, with respect to each Disclosure Required Obligor, in each case on or before the date which is 180 days after the end of each fiscal year of the Authority (the "Report Date") to each then existing NRMSIR and the SID, if any. If the Authority or if, to the knowledge of the Authority, a Disclosure Required Obligor changes its fiscal year, the Authority shall provide written notice of the change of fiscal year to each then existing NRMSIR or the Municipal Securities Rulemaking Board (the "MSRB") and the SID, if any. It shall be sufficient if the Authority provides to each then existing NRMSIR and the SID, if any, any or all of the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the SEC and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

If not provided as part of the Annual Financial Information, the Authority shall provide the Audited Financial Statements when and if available while any 2005A Bonds are outstanding to each then existing NRMSIR and the SID, if any.

The Authority shall use its best efforts timely to obtain from or with respect to each Disclosure Required Obligor the Annual Financial Information and Audited Financial Statements relating to such Disclosure Required Obligor.

If a Material Event occurs while any 2005A Bonds are outstanding, the Authority shall provide a Material Event Notice in a timely manner to each then existing NRMSIR or the MSRB and the SID, if any. Each Material Event Notice shall include the CUSIP numbers of the 2005A Bonds to which such Material Event Notice relates, or if the Material Event Notice relates to all bond issues of the Authority including the 2005A Bonds, such Material Event Notice need only include the CUSIP number of the Authority.

The Authority shall provide in a timely manner to each then existing NRMSIR or the MSRB and to the SID, if any, notice of any failure by the Authority while any 2005A Bonds are outstanding to provide to the NRMSIRs and the SID, if any, Annual Financial Information on or before the Report Date.

Any filing under this Undertaking may be made (i) solely by transmitting such filing to the Texas Municipal Advisor Council (the "MAC") as provided at http://www.disclosureusa.org unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004, or (ii) by filing the same with any dissemination agent or conduit, including any "central post office" or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to such NRMSIR or SID, to the extent permitted by the SEC or SEC staff or required by the SEC. For this purpose, permission shall be deemed to have been granted by the SEC staff if and to the extent the agent or conduit has received an interpretive letter, which has not been withdrawn, from the SEC staff to the effect that using the agent or conduit to transmit information to the NRMSIRs and the SID will be treated for purposes of the Rule as if such information were transmitted directly to the NRMSIRs and the SID.

The following are the definitions of the capitalized terms used in this Undertaking and not otherwise defined in the Resolution:

"*Annual Financial Information*" means the financial information or operating data with respect to the Authority and each Disclosure Required Obligor, provided at least annually, of the type included under the captions "THE PARTICIPATING TRUSTS—General" and "—Participating Trusts' Historical Power and Energy Requirements" (in either case, only noncoincident peak demand and metered energy requirements for the Participating Trusts in the aggregate and for each Disclosure Required Obligor) and in Appendix A (except population figures) and Appendix B of the final official statement with respect to the 2005A Bonds. The financial statements included in the Annual Financial Information shall be prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Government Accounting Standards Board ("GASB"). Such financial statements may, but are not required to be, Audited Financial Statements.

"*Audited Financial Statements*" means the annual financial statements of the Authority and of each Disclosure Required Obligor, prepared in accordance with GAAP for governmental units as prescribed by GASB.

"*Disclosure Required Obligor*" means, with respect to a particular fiscal year of the Authority, each Participating Trust which, as of the final day of such fiscal year:

(a) is an "obligated person" within the meaning of the Rule; and

(b) during such fiscal year, provided pursuant to its Power Supply Contract with the Authority, 10% or more of the total Revenues of the Authority for such fiscal year.

As of the date hereof, the only Disclosure Required Obligors are Edmond Public Works Authority and Ponca City Utility Authority.

"*Material Event*" means any of the following events, if material, with respect to the 2005A Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) Adverse tax opinions or events affecting the tax-exempt status of the 2005A Bonds;

(g) Modifications to rights of Bondholders;

(h) Bond calls;

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the 2005A Bonds; and

(k) Rating changes.

"*Material Event Notice*" means written or electronic notice of a Material Event.

"*NRMSIR*" means a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission by no-action letter for the purposes referred to in the Rule. The NRMSIRs as of the date of this Agreement are **Bloomberg Municipal Repository**, Attention: Municipal Department, 100 Business Park Drive, Skillman, New Jersey 08558, Phone: (609) 279-3225 and Fax: (609) 279-5962, E-mail: MUNIS@Bloomberg.com; **FT Interactive Data**, Attention: NRMSIR, 100 William Street, New York, New York 10038, Phone: (212) 771-6999, Fax: (212) 771-7390 (Secondary Market Information) (212) 771-7391 (Primary Market Information), E-mail: NRMSIR@interactivedata.com; **Standard & Poor's Securities Evaluations, Inc.**, 55 Water Street, 45th Floor, New York, New York 10041, Phone: (212) 438-4595, Fax: (212) 438-3975, E-mail: nrmsir_repository@sandp.com; and **DPC Data Inc.**, One Executive Drive, Fort Lee, New Jersey 07024, Phone: (201) 346-0701, Fax: (201) 947-0107, E-mail: nrmsir@dpcdata.com.

The names and addresses of all current NRMSIRs should be verified each time information is delivered pursuant to this Agreement. Updates of the foregoing list currently are available on the SEC website at http://www.sec.gov/info/municipal/nrmsir.htm.

"*SID*" means a state information depository as operated or designated by the State of Oklahoma and recognized by the SEC as such for the purposes referred to in the Rule. As of the date of this Undertaking, there is not a SID in the State of Oklahoma.

Unless otherwise required by law and subject to technical and economic feasibility, the Authority shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Authority's information.

The continuing obligation hereunder of the Authority to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once the 2005A Bonds no longer are outstanding. This Undertaking, or any provision hereof, shall be null and void in the event that the Authority obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the 2005A Bonds, provided that the Authority shall have provided notice of such delivery and the cancellation of this Undertaking to each then existing NRMSIR or the MSRB and the SID, if any.

This Undertaking may be amended, without the consent of the Bondholders, but only upon the Authority obtaining an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Undertaking and by the Authority with the Rule, provided that the Authority shall have provided notice of such delivery and of the amendment to each then existing NRMSIR or the MSRB and the SID, if any. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person or type of business conducted;

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined either by parties unaffiliated with the Authority (such as nationally recognized bond counsel), or by approving vote of Bondholders pursuant to the terms of the Resolution at the time of the amendment.

The initial Annual Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.

Any failure by the Authority to perform in accordance with this Undertaking shall not constitute an Event of Default with respect to the 2005A Bonds. If the Authority fails to comply herewith, any Bondholder or beneficial owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Authority to comply with its obligations hereunder.

This Undertaking shall be governed by the laws of the State of Oklahoma.

RECEIVED
DEC 04 2003
OKLA. PUB. CLEARINGHOUSE

Printed at no cost to the taxpayers of Oklahoma.
125 copies of this publication have been issued by the Authority at a cost of $1,168.
Copies have been deposited with the Oklahoma Department of Libraries.

Printed on Recycled Paper
IMAGEMASTER 800.452.5152