

NEW ISSUE – FULL BOOK ENTRY

Nixon Peabody LLP, Special Tax Counsel to MEAG Power, is of the opinion that interest on the Bonds (as defined below) is not excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. Special Tax Counsel is further of the opinion that, by virtue of the Act (as defined herein), the Bonds, the transfer thereof and the interest thereon are exempt from taxation by the State of Georgia and any of its political subdivisions. See, however, "TAX MATTERS" herein for a description of certain other tax considerations.

\$299,425,000
Municipal Electric Authority of Georgia



\$100,650,000 Power Revenue Bonds, Taxable Series Four
\$59,575,000 Project One Subordinated Bonds, Taxable Series 2012A
\$58,040,000 General Power Revenue Bonds, Taxable 2012A Series
\$81,160,000 General Resolution Projects Subordinated Bonds, Taxable Series 2012A

Dated: Date of Delivery

Due: January 1, as shown on the inside cover page

The Power Revenue Bonds, Taxable Series Four (the "Project One Taxable Series Four Senior Bonds") and the General Power Revenue Bonds, Taxable 2012A Series (the "General Resolution Projects Taxable 2012A Series Senior Bonds" and, together with the Project One Taxable Series Four Senior Bonds, the "2012 Senior Bonds") are to be issued to (i) finance certain capital improvements to Project One (as defined herein), in the case of the Project One Taxable Series Four Senior Bonds, and to Projects Two and Three (each as defined herein), in the case of the General Resolution Projects Taxable 2012A Series Senior Bonds, (ii) retire certain taxable commercial paper notes that were issued to finance or refinance certain improvements to the coal-fired generating units included in Project One, in the case of the Project One Taxable Series Four Senior Bonds, and in Projects Two and Three, in the case of the General Resolution Projects Taxable 2012A Series Senior Bonds, (iii) make a required deposit to the debt service reserve account established under the Project One Resolution (as defined herein), in the case of the Project One Taxable Series Four Senior Bonds, and to the debt service reserve account established under the General Resolution Projects Resolution (as defined herein), in the case of the General Resolution Projects Taxable 2012A Series Senior Bonds and (iv) pay the costs of issuance of the 2012 Senior Bonds.

The Project One Subordinated Bonds, Taxable Series 2012A (the "Project One Taxable Series 2012A Subordinated Bonds") and the General Resolution Projects Subordinated Bonds, Taxable Series 2012A (the "General Resolution Projects Taxable Series 2012A Subordinated Bonds" and, together with the Project One Taxable Series 2012A Subordinated Bonds, the "2012 Subordinated Bonds") are to be issued to (i) finance certain capital improvements to Project One (including the repayment of certain interim borrowings previously made in connection with Project One), in the case of the Project One Taxable Series 2012A Subordinated Bonds, and to Projects Two and Three (including the repayment of certain interim borrowings previously made in connection with Projects Two and Three), in the case of the General Resolution Projects Taxable Series 2012A Subordinated Bonds, (ii) retire certain taxable commercial paper notes that were issued to finance or refinance certain improvements to the coal-fired generating units included in Project One, in the case of the Project One Taxable Series 2012A Subordinated Bonds, and in Project Four, in the case of the General Resolution Projects Taxable Series 2012A Subordinated Bonds and (iii) pay the costs of issuance of the 2012 Subordinated Bonds. The 2012 Senior Bonds and the 2012 Subordinated Bonds are collectively referred to herein as the "Bonds."

The Project One Taxable Series Four Senior Bonds will constitute Project One Senior Bonds (as defined herein) and be payable from and secured by MEAG Power's revenues from Project One after payment of operating expenses. The General Resolution Projects Taxable 2012A Series Senior Bonds will constitute General Resolution Projects Senior Bonds (as defined herein) and be payable from and secured by MEAG Power's revenues from its Existing General Resolution Projects (as defined herein) after payment of operating expenses. The Project One Taxable Series 2012A Subordinated Bonds will constitute Project One Subordinated Bonds (as defined herein) and will be payable from and secured by a pledge of certain amounts deposited in the Subordinated Bond Fund under the Project One Resolution, which pledge is subordinate in all respects to the pledge of MEAG Power's revenues, moneys, securities and funds created under the Project One Resolution as security for the Project One Senior Bonds. The General Resolution Projects Taxable Series 2012A Subordinated Bonds will constitute General Resolution Projects Subordinated Bonds (as defined herein) and will be payable from and secured by a pledge of certain amounts deposited in the Subordinated Bond Fund under the General Resolution Projects Resolution, which pledge is subordinate in all respects to the pledge of MEAG Power's revenues, moneys, securities and funds created under the General Resolution Projects Resolution as security for the General Resolution Projects Senior Bonds.

None of the Bonds will be an obligation of the State of Georgia and the State of Georgia will not be obligated to make any payments, levy any taxes or impose any charges in connection with MEAG Power or the Bonds. However, the payment obligations of each Participant under its applicable Power Sales Contracts (each as defined herein) are general obligations to the payment of which its full faith and credit are pledged.

The Bonds will be subject to redemption prior to maturity as described herein.

The Bonds are issuable as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which initially will act as securities depository as described herein. Purchases of Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers or dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Semiannual interest on the Bonds is payable each January 1 and July 1, commencing July 1, 2012, as more fully described herein. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on such bonds will be made 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 (see "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto).

MATURITY SCHEDULE – See Inside Cover Page

The Bonds were awarded pursuant to electronic competitive bidding via the PARITY® bidding system on Thursday, December 29, 2011, as set forth in the Official Notice of Sale dated December 27, 2011, to Merrill Lynch, Pierce, Fenner & Smith Incorporated.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power. Certain legal matters will be passed upon for MEAG Power by Peter M. Degnan, Esq., General Counsel to MEAG Power, of Alston & Bird LLP, Atlanta, Georgia. Certain matters with respect to Federal and State of Georgia tax law will be passed upon for MEAG Power by Nixon Peabody LLP, Washington, D.C., Special Tax Counsel to MEAG Power. It is expected that the Bonds will be available for delivery in book-entry form through DTC in New York, New York on or about January 18, 2012.

The date of this Official Statement is December 30, 2011

\$299,425,000

**MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA (MEAG POWER)
MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIP NUMBERS**

Dated: Date of Delivery

Due: January 1, as shown below

\$100,650,000

**Power Revenue Bonds,
Taxable Series Four**

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Initial CUSIP</u>
2013	\$ 40,000	1.580%	100 %	373541 W56
2014	40,000	1.780	100	373541 W64
2015	40,000	2.410	100	373541 W72
2016	45,000	2.760	100	373541 W80
2017	45,000	3.110	100	373541 W98
2018	16,830,000	3.270	100	373541 X22
2019	27,435,000	3.570	100	373541 X30
2020	30,125,000	3.780	100	373541 X48
2021	3,235,000	3.980	100	373541 X55
2022	3,360,000	4.180	100	373541 X63
2023	2,895,000	4.330	100	373541 X71
2024	3,020,000	4.480	100	373541 X89
2025	3,155,000	4.630	100	373541 X97
2026	3,300,000	4.780	100	373541 Y21
2027	3,460,000	4.880	100	373541 Y39
2028	3,625,000	4.980	100	373541 Y47

\$58,040,000

**General Power Revenue Bonds,
Taxable 2012A Series**

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Initial CUSIP</u>
2013	\$ 45,000	1.580%	100 %	373541 Y54
2014	45,000	1.780	100	373541 Y62
2015	55,000	2.410	100	373541 Y70
2016	55,000	2.660	100	373541 Y88
2017	55,000	3.110	100	373541 Y96
2018	4,295,000	3.270	100	373541 Z20
2019	4,435,000	3.570	100	373541 Z38
2020	4,595,000	3.780	100	373541 Z46
2021	4,770,000	3.980	100	373541 Z53
2022	4,960,000	4.180	100	373541 Z61
2023	5,165,000	4.330	100	373541 Z79
2024	5,390,000	4.480	100	373541 Z87
2025	5,635,000	4.630	100	373541 Z95
2026	5,895,000	4.780	100	373541 2A8
2027	6,170,000	4.880	100	373541 2B6
2028	6,475,000	4.980	100	373541 2C4

\$59,575,000

**Project One Subordinated Bonds,
Taxable Series 2012A**

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Initial CUSIP</u>
2020	\$18,615,000	4.030%	100 %	373541 W31
2022	40,960,000	4.430	100	373541 W49

\$81,160,000

**General Resolution Projects Subordinated Bonds,
Taxable Series 2012A**

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Initial CUSIP</u>
2018	\$ 4,410,000	3.520%	100 %	373541 2D2
2019	1,030,000	3.770	100	373541 2E0
2020	1,480,000	4.030	100	373541 2F7
2021	775,000	4.230	100	373541 2G5
2022	73,465,000	4.430	100	373541 2H3

Municipal Electric Authority of Georgia

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Blakely
Brinson
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Cairo
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THE BANK OF NEW YORK MELLON
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No dealer, broker, salesman or any other person has been authorized by MEAG Power to give any information or to make any representations, other than the information and representations contained herein, in connection with the offering of the Bonds, and if given or made, such other information or representations must not be relied upon as having been authorized by MEAG Power. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The information set forth herein has been furnished by MEAG Power, the Participants and other sources which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of MEAG Power or the Participants since the date hereof.

The Trustee has not provided or undertaken to determine the accuracy of any of the information contained in this Official Statement, and the Trustee makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information or (ii) the validity of the Bonds.

CUSIP numbers have been assigned by an organization not affiliated with MEAG Power and are included solely for the convenience of the registered owners of the applicable Bonds. MEAG Power is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the applicable Bonds or as included herein.

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SUMMARY STATEMENT

(Subject in all respects to more complete information in this Official Statement. Capitalized terms not otherwise defined in this “SUMMARY STATEMENT” shall be as defined in this Official Statement.)

- Issuer:** Municipal Electric Authority of Georgia.
- Offering:** Power Revenue Bonds, Taxable Series Four – \$100,650,000
Project One Subordinated Bonds, Taxable Series 2012A – \$59,575,000
General Power Revenue Bonds, Taxable 2012A Series – \$58,040,000
General Resolution Projects Subordinated Bonds, Taxable Series 2012A – \$81,160,000
- Maturities:** The Project One Taxable Series Four Senior Bonds will mature on each January 1, from January 1, 2013 to January 1, 2028, inclusive.
The Project One Taxable Series 2012A Subordinated Bonds will mature on January 1, 2020 and on January 1, 2022.
The General Resolution Projects Taxable 2012A Series Senior Bonds will mature on each January 1, from January 1, 2013 to January 1, 2028, inclusive.
The General Resolution Projects Taxable Series 2012A Subordinated Bonds will mature on each January 1, from January 1, 2018 to January 1, 2022, inclusive.
- Interest:** Interest on the Bonds will be payable on July 1, 2012 and semiannually thereafter on January 1 and July 1 of each year until final payment.
- Purpose:** *2012 Senior Bonds* – To provide funds to (i) finance certain capital improvements to Project One, in the case of the Project One Taxable Series Four Senior Bonds, and to Projects Two and Three, in the case of the General Resolution Projects Taxable 2012A Series Senior Bonds, (ii) retire certain taxable commercial paper notes that were issued to finance or refinance certain improvements to the coal-fired generating units included in Project One, in the case of the Project One Taxable Series Four Senior Bonds, and in Projects Two and Three, in the case of the General Resolution Projects Taxable 2012A Series Senior Bonds, (iii) make a required deposit to the debt service reserve account established under the Project One Resolution, in the case of the Project One Taxable Series Four Senior Bonds, and to the debt service reserve account established under the General Resolution Projects Resolution, in the case of the General Resolution Projects Taxable 2012A Series Senior Bonds and (iv) pay the costs of issuance of the 2012 Senior Bonds. See “PLAN OF FINANCING – Purpose of Issue” herein for details.

2012 Subordinated Bonds – To provide funds to (i) finance certain capital improvements to Project One (including the repayment of certain interim borrowings previously made in connection with Project One), in the case of the Project One Taxable Series 2012A Subordinated Bonds, and to Projects Two and Three (including the repayment of certain interim borrowings previously made in connection with Projects Two and Three), in the case of the General Resolution Projects Taxable Series 2012A Subordinated Bonds, (ii) retire certain taxable commercial paper notes that were issued to finance or refinance certain improvements to the coal-fired generating units included in Project One, in the case of the Project One Taxable Series 2012A Subordinated Bonds, and in Project Four, in the case of the General Resolution Projects Taxable Series 2012A Subordinated Bonds and (iii) pay the costs of issuance of the 2012 Subordinated Bonds. See “PLAN OF FINANCING – Purpose of Issue” herein for details.

Security:

The Project One Taxable Series Four Senior Bonds will constitute Project One Senior Bonds and be payable from and secured by MEAG Power’s revenues from Project One after payment of operating expenses.

The General Resolution Projects Taxable 2012A Series Senior Bonds will constitute General Resolution Projects Senior Bonds and be payable from and secured by MEAG Power’s revenues from its Existing General Resolution Projects after payment of operating expenses.

The Project One Taxable Series 2012A Subordinated Bonds will constitute Project One Subordinated Bonds and will be payable from and secured by a pledge of certain amounts deposited in the Subordinated Bond Fund under the Project One Resolution, which pledge is subordinate in all respects to the pledge of MEAG Power’s revenues, moneys, securities and funds created under the Project One Resolution as security for the Project One Senior Bonds.

The General Resolution Projects Taxable Series 2012A Subordinated Bonds will constitute General Resolution Projects Subordinated Bonds and will be payable from and secured by a pledge of certain amounts deposited in the Subordinated Bond Fund under the General Resolution Projects Resolution, which pledge is subordinate in all respects to the pledge of MEAG Power’s revenues, moneys, securities and funds created under the General Resolution Projects Resolution as security for the General Resolution Projects Senior Bonds.

The payment obligations of each Participant under its applicable Power Sales Contracts are general obligations to which its full faith and credit are pledged. See “DESCRIPTION OF THE BONDS – Security for the Project One Taxable Series Four Senior Bonds,” “– Security for the General Resolution Projects Taxable 2012A Series Senior Bonds,” “– Security for the Project One Taxable Series 2012A Subordinated Bonds” and “– Security for the General Resolution Projects Taxable Series 2012A Subordinated Bonds” herein.

Amending Resolutions:	On December 16, 2011, MEAG Power adopted the Amending Resolutions for the purpose of making certain amendments to the Project One Resolution and the General Resolution Projects Resolution, respectively. For a description of the Amending Resolutions and certain conditions to their effectiveness, see “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” herein. For a summary of certain provisions of the Project One Resolution and the General Resolution Projects Resolution, as the same will be amended by the Project One Amending Resolutions, see “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION, AS AMENDED BY AMENDING RESOLUTIONS” in APPENDIX C attached hereto.
	As a condition to the purchase of the Bonds, upon the issuance of the Bonds, the Purchaser, as the initial Holder of the 2012 Senior Bonds, will be required to consent to the amendments to the Project One Resolution and the General Resolution Projects Resolution, respectively, contained in the Amended and Restated Resolutions pursuant to the provisions of the applicable Resolution.
Book-Entry Bonds:	The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 and integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”).
Redemption:	The Bonds of each Series will be subject to redemption prior to maturity at the election of MEAG Power as a whole or in part (by <i>pro rata</i> pass-through distribution of principal in accordance with DTC procedures, or if DTC procedures do not allow for <i>pro rata</i> pass-through distribution of principal, by lot as described further under “DESCRIPTION OF THE BONDS – Redemption of the Bonds – Selection of Bonds to be Redeemed” herein) at any time, through a “make-whole” call provision at prices based upon then prevailing yields on certain U.S. Treasury securities plus, in the case of the 2012 Senior Bonds, 0.30 percent per annum and, in the case of the 2012 Subordinated Bonds, 0.35 percent per annum, as more fully described under “DESCRIPTION OF THE BONDS – Redemption of the Bonds – Optional Redemption” herein.
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP, New York, New York.
General Counsel:	Peter M. Degnan, Esq., of Alston & Bird LLP, Atlanta, Georgia.
Special Tax Counsel:	Nixon Peabody LLP, Washington, D.C.
Financial Advisor:	Public Financial Management, Inc., Philadelphia, Pennsylvania.
Trustee, Bond Registrar and Paying Agent:	The Bank of New York Mellon, New York, New York.
Bond Ratings:	Standard & Poor’s, a subsidiary of The McGraw-Hill Companies, Inc. has assigned a rating of “A+” and a stable ratings outlook to the 2012

Senior Bonds and a rating of “A” and a stable ratings outlook to the 2012 Subordinated Bonds.

Fitch Ratings has assigned a rating of “A+” and a stable ratings outlook to the 2012 Senior Bonds and the 2012 Subordinated Bonds.

Moody’s Investors Service has assigned a rating of “A1” and a negative ratings outlook to the 2012 Senior Bonds and a rating of “A2” and a negative ratings outlook to the 2012 Subordinated Bonds.

\$299,425,000
MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

\$100,650,000 Power Revenue Bonds, Taxable Series Four
\$59,575,000 Project One Subordinated Bonds, Taxable Series 2012A
\$58,040,000 General Power Revenue Bonds, Taxable 2012A Series
\$81,160,000 General Resolution Projects Subordinated Bonds, Taxable Series 2012A

INTRODUCTORY STATEMENT

MEAG Power

The Municipal Electric Authority of Georgia (“MEAG Power”) was created by the State of Georgia for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of the State of Georgia which owned and operated electric distribution systems as of March 18, 1975 and which elected to contract with MEAG Power for the purchase of wholesale power. MEAG Power currently provides bulk electric power to 48 cities and one county in the State of Georgia (the “Participants”) pursuant to separate power sales contracts with each Participant. MEAG Power’s assets include ownership interests in ten electric generating units, all of which have been placed in service. In addition, MEAG Power may purchase from, sell to or exchange with other bulk electric suppliers additional capacity and energy in order to enhance the Participants’ bulk power supply. MEAG Power’s ownership interests in those ten generating units represent 2,069 megawatts (“MW”) of nominally rated generating capacity, consisting of 808 MW of nuclear-fueled capacity, 750 MW of coal-fired capacity, 8 MW of combustion turbine capacity and 503 MW of combined cycle capacity. MEAG Power also has an ownership interest in two additional nuclear generating units under development, Units 3 and 4, to be located at Plant Vogtle (“Vogtle Units 3&4”), which represents approximately 500 MW of nominally rated generating capacity. Additionally, MEAG Power owns transmission facilities that, together with those of other utilities, form a statewide, integrated transmission system (the “ITS”).

The Projects

MEAG Power’s ownership interests in nine of the ten generating units which have been placed in service were acquired from Georgia Power Company (“GPC”) and are included in four separate “projects” established by MEAG Power as described below.

MEAG Power’s first project (“Project One”), acquired in 1977 and in subsequent transactions, consists of 17.7 percent ownership interests in Plant Hatch and Plant Vogtle, each consisting of two nuclear generating units and common facilities, 10.0 percent ownership interests in the two coal-fired generating units and common facilities at Plant Wansley, including the Plant Wansley Combustion Turbine, 10.0 percent ownership interests in two of the four coal-fired generating units (Scherer Unit Nos. 1 and 2) and 5.0 percent ownership interests in the common facilities at Plant Scherer, certain transmission system facilities and working capital. MEAG Power’s ownership interests included in Project One represent a total of 693 MW of nominally rated nuclear capacity, 335 MW of nominally rated coal-fired capacity and 5 MW of combustion turbine capacity. GPC, Oglethorpe Power Corporation (an Electric Membership Corporation) (“OPC”) and the City of Dalton, Georgia (“Dalton”) are co-owners with MEAG Power of the generating units. GPC has contracted to operate and maintain these jointly-owned facilities as agent for the respective co-owners, including MEAG Power.

GPC, Georgia Transmission Corporation (an Electric Membership Corporation) (“GTC”), formerly OPC’s transmission division, and Dalton each own transmission system facilities that, together

with MEAG Power's transmission system facilities, form the ITS. MEAG Power and each other entity may use all transmission system facilities included in the ITS, regardless of ownership, in serving its customers.

MEAG Power's second project ("Project Two"), acquired in 1978 and in subsequent transactions, consists of additional 5.1 percent ownership interests in the two coal-fired generating units and the common facilities at Plant Wansley, including the Plant Wansley Combustion Turbine, additional 5.1 percent ownership interests in Scherer Unit Nos. 1 and 2 and an additional 2.55 percent ownership interest in the common facilities at Plant Scherer and working capital. MEAG Power's third project ("Project Three"), acquired in 1980, consists of additional 15.1 percent ownership interests in Scherer Unit Nos. 1 and 2 and an additional 7.55 percent ownership interest in the common facilities at Plant Scherer and working capital. MEAG Power's fourth project ("Project Four"), acquired in 1984, consists of additional 5.0 percent ownership interests in the two nuclear generating units and the common facilities at Plant Vogtle and working capital. MEAG Power's generating interests in Projects Two, Three and Four represent a total of 115 MW of nominally rated nuclear capacity, 415 MW of nominally rated coal-fired capacity and 3 MW of combustion turbine capacity.

MEAG Power is obligated to pay its share of the costs of acquisition and construction of certain capital additions required for the plants in such Projects and for the ITS. See "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS" in the Annual Information Statement (hereinafter defined). These additions, which are referred to in the Project One Resolution hereinafter referred to as "Additional Facilities" and in the General Resolution Projects Resolution hereinafter referred to as "Capital Improvements," generally consist of reload nuclear fuel and major additions, renewals, replacements, repairs and betterments, including transmission system facilities to be acquired as part of Project One. See "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Definitions" in Appendix F to the Annual Information Statement for a more complete definition of the term "Additional Facilities." For purposes of this Official Statement, other than the description of the Project One Resolution included by reference herein, all items included in such definition of "Additional Facilities" are referred to herein for convenience as "Capital Improvements."

On June 1, 2004, MEAG Power's CC Project (as such term is defined in the Annual Information Statement) began commercial operation. The CC Project is a separate project from Project One, Project Two, Project Three and Project Four as described above. The CC Project, which is owned solely by MEAG Power, is a gas-fired and steam driven combined cycle power plant with a nominal summer capacity of 503 MW. The CC Project is located at Plant Wansley. For further information with respect to the CC Project (including, without limitation, a discussion of the execution by four additional Participants of CC Project power sales contracts, three during 2007 and early 2008 and one during 2011), see "MEAG POWER – Bulk Power Supply Operations – *The Combined Cycle Project*" in the Annual Information Statement and "RECENT DEVELOPMENTS – The Combined Cycle Project" herein.

MEAG Power is also a participant, along with GPC, OPC and Dalton, in the development of Vogtle Units 3&4. Vogtle Units 3&4 will consist of two Westinghouse AP1000 reactors, each with a nominally rated generating capacity of 1,102 MW. MEAG Power's ownership interest in Vogtle Units 3&4 is 22.7 percent, representing approximately 500.308 MW of nominally rated generating capacity. MEAG Power has structured its ownership interest in Vogtle Units 3&4 into three separate projects. The first project ("Project M") comprises approximately 33.871 percent of MEAG Power's ownership interest, representing approximately 169.458 MW of generating capacity based upon the nominal rating of Vogtle Units 3&4. The second project ("Project J") comprises approximately 41.175 percent of MEAG Power's ownership interest, representing approximately 206.000 MW of generating capacity based upon the nominal rating of Vogtle Units 3&4. Lastly, the third project ("Project P") comprises approximately 24.955 percent of MEAG Power's ownership interest, representing approximately 124.850 MW of generating capacity based upon the nominal rating of Vogtle Units 3&4. Project M, Project J and

Project P are collectively referred to herein as the “Vogtle Units 3&4 Projects.” See “MEAG POWER – Bulk Power Supply Operations – *The Vogtle Units 3&4 Projects*” in the Annual Information Statement.

Project One has been financed pursuant to the Power Revenue Bond Resolution adopted by MEAG Power on August 30, 1976, as supplemented, amended and restated (the “Project One Resolution”), through the issuance of both senior lien bonds and subordinated lien bonds. To the extent not paid from revenues or other sources, the costs of Capital Improvements to Project One will be financed under the Project One Resolution. All senior lien bonds and subordinated lien bonds heretofore or hereafter issued under the Project One Resolution are referred to herein as “Project One Senior Bonds” and “Project One Subordinated Bonds,” respectively. Such Project One Subordinated Bonds have been issued pursuant to the Project One Subordinated Bond Resolution adopted by MEAG Power on October 20, 1982, as supplemented and amended (the “Project One Subordinated Resolution”), which is supplemental to the Project One Resolution.

As more fully described under “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” herein, on December 16, 2011, MEAG Power adopted the following resolutions (collectively, the “Project One Amending Resolutions”) for the purpose of making certain amendments to the Project One Resolution: (i) the Second Amended and Restated Power Revenue Bond Resolution (the “Amended and Restated Project One Resolution”); and (ii) the Supplemental Resolution Adopted December 16, 2011 Amending the Power Revenue Bond Resolution, As The Same Is To Be Amended And Restated By The Second Amended and Restated Power Revenue Bond Resolution (the “Project One Amendatory Supplemental Resolution”). A summary of certain provisions of the Project One Resolution, as the same will be amended by the Project One Amending Resolutions, is attached hereto as APPENDIX C. Subject to the satisfaction of certain conditions set forth in the Project One Resolution, (a) the various amendments contained in the Amended and Restated Project One Resolution will become effective upon the earlier to occur of (x) the date on which all Project One Senior Bonds Outstanding under (and as defined in) the Project One Resolution at December 16, 2011 (the date of adoption of the Amended and Restated Project One Resolution) cease to be Outstanding thereunder and (y) the filing with the Trustee of written consents thereto of the Holders (as defined in the Project One Resolution) of at least two-thirds in principal amount of such Project One Senior Bonds then Outstanding and (b) the various amendments contained in the Project One Amendatory Supplemental Resolution will become effective on the date on which all Project One Senior Bonds Outstanding under the Project One Resolution at December 16, 2011 (the date of adoption of the Project One Amendatory Supplemental Resolution) cease to be Outstanding thereunder, each as described under the heading “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” herein. Except as described under such heading, at such time(s) as such amendments become effective, they will apply to all Project One Senior Bonds then Outstanding, including the Project One Taxable Series Four Senior Bonds (hereinafter defined) offered hereby. As a condition to the purchase of the Bonds (hereinafter defined), Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the successful bidder (the “Purchaser”), and as the initial Holder of the Project One Taxable Series Four Senior Bonds, will be required to consent to the amendments to the Project One Resolution contained in the Amended and Restated Project One Resolution pursuant to the provisions of the Project One Resolution immediately following the purchase by the Purchaser of the Project One Taxable Series Four Senior Bonds.

Project Two, Project Three and Project Four (together, the “Existing General Resolution Projects”) have been financed pursuant to the General Power Revenue Bond Resolution adopted by MEAG Power on March 22, 1978 and readopted on April 19, 1978, as supplemented, amended and restated (the “General Resolution Projects Resolution”), through the issuance of both senior lien bonds and subordinated lien bonds. To the extent not paid from revenues or other sources, the costs of Capital Improvements to the Existing General Resolution Projects will be financed under the General Resolution Projects Resolution. All senior lien bonds and subordinated lien bonds heretofore or hereafter issued under the General Resolution Projects Resolution are referred to herein as “General Resolution Projects

Senior Bonds” and “General Resolution Projects Subordinated Bonds,” respectively. Such General Resolution Projects Subordinated Bonds have been issued pursuant to the General Resolution Projects Subordinated Bond Resolution adopted by MEAG Power on November 1, 1985, as supplemented and amended (the “General Resolution Projects Subordinated Resolution”), which is supplemental to the General Resolution Projects Resolution.

As more fully described under “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” herein, on December 16, 2011, MEAG Power adopted the following resolutions (collectively, the “General Resolution Projects Amending Resolutions” and, together with the Project One Amending Resolutions, the “Amending Resolutions”) for the purpose of making certain amendments to the General Resolution Projects Resolution: (i) the Second Amended and Restated General Power Revenue Bond Resolution (the “Amended and Restated General Resolution Projects Resolution” and, together with the Amended and Restated Project One Resolution, the “Amended and Restated Resolutions”); and (ii) the Supplemental Resolution Adopted December 16, 2011 Amending the General Power Revenue Bond Resolution, As The Same Is To Be Amended And Restated By The Second Amended and Restated General Power Revenue Bond Resolution (the “General Resolution Projects Amendatory Supplemental Resolution” and, together with the Project One Amendatory Supplemental Resolution, the “Amendatory Supplemental Resolutions”). A summary of certain provisions of the General Resolution Projects Resolution, as the same will be amended by the General Resolution Projects Amending Resolutions, is attached hereto as APPENDIX C. Subject to the satisfaction of certain conditions set forth in the General Resolution Projects Resolution, (a) the various amendments contained in the Amended and Restated General Resolution Projects Resolution will become effective upon the earlier to occur of (x) the date on which all General Resolution Projects Senior Bonds Outstanding under (and as defined in) the General Resolution Projects Resolution at December 16, 2011 (the date of adoption of the Amended and Restated General Resolution Projects Resolution) cease to be Outstanding thereunder and (y) the filing with the Trustee of written consents thereto of the Holders (as defined in the General Resolution Projects Resolution) of at least two-thirds in principal amount of such General Resolution Projects Senior Bonds then Outstanding and (b) the various amendments contained in the General Resolution Projects Amendatory Supplemental Resolution will become effective on the date on which all General Resolution Projects Senior Bonds Outstanding under the General Projects Resolution at December 16, 2011 (the date of adoption of the General Resolution Projects Amendatory Supplemental Resolution) cease to be Outstanding thereunder, each as described under the heading “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” herein. Except as described under such heading, at such time(s) as such amendments become effective, they will apply to all General Resolution Projects Senior Bonds then Outstanding, including the General Resolution Projects Taxable 2012A Series Senior Bonds (hereinafter defined) offered hereby. As a condition to the purchase of the Bonds, the Purchaser, as the initial Holder of the General Resolution Projects Taxable 2012A Series Senior Bonds, will be required to consent to the amendments to the General Resolution Projects Resolution contained in the Amended and Restated General Resolution Projects Resolution pursuant to the provisions of the General Resolution Projects Resolution immediately following the purchase by the Purchaser of the General Resolution Projects Taxable 2012A Series Senior Bonds.

The CC Project has been financed pursuant to the Combustion Turbine Project Bond Resolution adopted by MEAG Power on April 9, 2002 (the “CT Bond Resolution”), as supplemented, amended and restated (the “CC Bond Resolution”), including as supplemented, amended and restated by the Amended and Restated Combined Cycle Project Bond Resolution adopted by MEAG Power on July 18, 2003 (the “Amended and Restated CC Bond Resolution”), through the issuance of CC Project revenue bonds. All bonds heretofore or hereafter issued under the CC Bond Resolution (including bonds issued under the CT Bond Resolution prior to its amendment and restatement by the Amended and Restated CC Bond Resolution) are referred to herein as “CC Bonds.”

Project M is being financed pursuant to the Plant Vogtle Additional Units Non-PPA Project Bond Resolution adopted by MEAG Power on October 16, 2008, as supplemented, amended and restated (the “Project M Bond Resolution”), including as supplemented, amended and restated by the Amended and Restated Plant Vogtle Additional Units Non-PPA Project Bond Resolution adopted by MEAG Power on December 23, 2009 (the “Amended and Restated Project M Bond Resolution”), through the issuance of bonds, including bond anticipation notes and revenue bonds constituting “Build America Bonds” (“Build America Bonds”) for purposes of the American Recovery and Reinvestment Act. All bonds (including bond anticipation notes) heretofore or hereafter issued under the Project M Bond Resolution are referred to herein as “Project M Bonds.”

Project J is being financed pursuant to the Plant Vogtle Additional Units PPA Project Bond Resolution adopted by MEAG Power on October 16, 2008, as supplemented, amended and restated (the “Project J Bond Resolution”), including as supplemented, amended and restated by the Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution adopted by MEAG Power on December 23, 2009 (the “Amended and Restated Project J Bond Resolution”), through the issuance of bonds, including bond anticipation notes and Build America Bonds. All bonds (including bond anticipation notes) heretofore or hereafter issued under the Project J Bond Resolution are referred to herein as “Project J Bonds.”

Project P is being financed pursuant to the Plant Vogtle Additional Units PPA-2 Project Bond Resolution adopted by MEAG Power on October 16, 2008, as supplemented, amended and restated (the “Project P Bond Resolution”), including as supplemented, amended and restated by the Amended and Restated Plant Vogtle Additional Units PPA-2 Project Bond Resolution adopted by MEAG Power on December 30, 2009 (the “Amended and Restated Project P Bond Resolution”), through the issuance of bonds, including bond anticipation notes and Build America Bonds. All bonds (including bond anticipation notes) heretofore or hereafter issued under the Project P Bond Resolution are referred to herein as “Project P Bonds.”

The Project M Bonds, the Project J Bonds and the Project P Bonds are collectively referred to herein as the “Vogtle Units 3&4 Bonds,” and the Project M Bond Resolution, the Project J Bond Resolution and the Project P Bond Resolution are collectively referred to herein as the “Vogtle Units 3&4 Bond Resolutions.”

On March 11, 2011, a major earthquake and tsunami struck Japan and caused substantial damage to the nuclear generating units at the Fukushima Daiichi generating plant. For a discussion of the Fukushima Daiichi generating plant and its impact, if any, on the operation and costs of the existing nuclear generating facilities in which MEAG Power has an interest or on the licensing and construction of Vogtle Units 3&4, see “MEAG POWER – Bulk Power Supply Operations – *March 2011 Events in Japan*” in the Annual Information Statement.

In addition, MEAG Power has established a Telecommunications Project (as defined in the Annual Information Statement). See “COMPETITION – Certain Responses of MEAG Power to Competition – *Telecommunications Project*” in the Annual Information Statement. The Telecommunications Project has been financed pursuant to the Telecommunications Project Revenue Bond Resolution adopted by MEAG Power on September 17, 1997, as supplemented, amended and restated (the “Telecommunications Bond Resolution”), through the issuance of Telecommunications Project revenue bonds. All bonds heretofore or hereafter issued under the Telecommunications Bond Resolution are referred to herein as “Telecommunications Bonds.”

The Project One Senior Bonds and Project One Subordinated Bonds are financially independent of the General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds, the CC Bonds, the Vogtle Units 3&4 Bonds and the Telecommunications Bonds. The revenues from Project One and the funds established under the Project One Resolution are not pledged as security for

and are not to be applied to the payment of General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, CC Bonds, Vogtle Units 3&4 Bonds or Telecommunications Bonds. Similarly, (a) the revenues from Project Two, Project Three, Project Four or any other projects financed under the General Resolution Projects Resolution and the funds established under the General Resolution Projects Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, CC Bonds, Vogtle Units 3&4 Bonds or Telecommunications Bonds, (b) the revenues from the CC Project and the funds established under the CC Bond Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, Vogtle Units 3&4 Bonds or Telecommunications Bonds, (c) the revenues from Project M and the funds established under the Project M Bond Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, CC Bonds, Project J Bonds, Project P Bonds or Telecommunications Bonds, (d) the revenues from Project J and the funds established under the Project J Bond Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, CC Bonds, Project M Bonds, Project P Bonds or Telecommunications Bonds, (e) the revenues from Project P and the funds established under the Project P Bond Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, CC Bonds, Project J Bonds, Project M Bonds or Telecommunications Bonds, and (f) the revenues from the Telecommunications Project and the funds established under the Telecommunications Bond Resolution are not pledged as security for and are not to be applied to the payment of Project One Senior Bonds or Project One Subordinated Bonds, General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds, CC Bonds or Vogtle Units 3&4 Bonds. However, the payment obligations of each Participant under each power sales contract to which it is a party and, if such Participant is a Telecommunications Participant (as defined in the Annual Information Statement), under its Telecommunications Contract (as defined in the Annual Information Statement), are on a parity with its payment obligations under its contracts with respect to each other project in which it is a participant. Therefore, as an economic matter, the operational and financial performance of one project of MEAG Power may affect the other projects due to the involvement of most of the Participants in all of the projects.

The Participants

In 1975, MEAG Power entered into separate power sales contracts relating to Project One (collectively, the “Project One Power Sales Contracts”) with 47 of the Participants (the “Initial Participants”), which did not include the City of Oxford, Georgia (“Oxford”) and the City of Acworth, Georgia (“Acworth”). In 1978, 1980 and 1983, respectively, MEAG Power entered into separate power sales contracts relating to Project Two, Project Three and Project Four (the “Project Two Power Sales Contracts,” the “Project Three Power Sales Contracts” and the “Project Four Power Sales Contracts” and, together, the “Existing General Resolution Projects Power Sales Contracts”) with each of the Initial Participants. Under each such Power Sales Contract, MEAG Power has agreed to provide to the Initial Participant, and the Initial Participant has agreed to take from MEAG Power, in the case of Project One, a specified percentage of the output and services thereof and related reserve, emergency and interchange service, and, in the case of the Existing General Resolution Projects, such output and services thereof and related reserve, emergency and interchange service as may be available for the useful life thereof. Each Initial Participant’s payment obligations under its Power Sales Contracts are general obligations to the payment of which its full faith and credit are pledged. MEAG Power’s remedies under each Power Sales Contract include specific performance to compel the Initial Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

In addition, in 1986, MEAG Power entered into separate power sales contracts relating to Project One, Project Two, Project Three and Project Four with Oxford. Under each such power sales contract, MEAG Power has agreed to provide to Oxford, and Oxford has agreed to take from MEAG Power, in the case of Project One, a specified percentage of the output and services thereof and related reserve, emergency and interchange service, and, in the case of the Existing General Resolution Projects, such output and services thereof and related reserve, emergency and interchange service as may be available for the useful life thereof; provided, however, that in the case of Project One, such output and services to be taken by Oxford are provided *pro rata* from the shares of the Initial Participants, and in the case of Project Four, the Obligation Share assigned to Oxford is provided *pro rata* from the Obligation Shares of the Initial Participants. In each such case, the Initial Participants remain obligated for such *pro rata* shares. See “THE PARTICIPANTS – Generation and Transmission Entitlement Shares – Project One” and “– Obligation Shares of the Participants – Existing General Resolution Projects” in the Annual Information Statement. Oxford’s payment obligations under its power sales contracts are general obligations to the payment of which its full faith and credit are pledged. MEAG Power’s remedies under each power sales contract with Oxford include specific performance to compel Oxford to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder. For purposes of this Official Statement, although each of Oxford’s power sales contracts is substantially identical to the Power Sales Contracts between MEAG Power and the Initial Participants relating to the applicable Project, (a) the term “Project One Power Sales Contracts” shall not include Oxford’s power sales contract with respect to Project One, (b) the term “Project Two Power Sales Contracts” shall include Oxford’s power sales contract with respect to Project Two, (c) the term “Project Three Power Sales Contracts” shall include Oxford’s power sales contract with respect to Project Three and (d) the term “Project Four Power Sales Contracts” shall not include Oxford’s power sales contract with respect to Project Four.

Furthermore, effective May 16, 2002, a power sales contract relating to Project One between MEAG Power and Acworth became effective. Under such power sales contract, MEAG Power has agreed to provide to Acworth, and Acworth has agreed to take from MEAG Power, a specified amount of the output and services of Project One and related reserve, emergency and interchange service; provided, however, that such output and services to be taken by Acworth are provided from the share of the output and services of Project One of the City of Sylvania, Georgia (“Sylvania”), one of the Initial Participants, and Sylvania remains obligated for such amount. See “THE PARTICIPANTS – Generation and Transmission Entitlement Shares – Project One” in the Annual Information Statement. Acworth’s payment obligation under its power sales contract is a general obligation to the payment of which its full faith and credit are pledged. MEAG Power’s remedies under such power sales contract with Acworth include specific performance to compel Acworth to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder. For purposes of this Official Statement, although Acworth’s Project One power sales contract is substantially identical to the Project One Power Sales Contracts between MEAG Power and the Initial Participants, the term “Project One Power Sales Contracts” shall not include Acworth’s power sales contract with respect to Project One.

On February 4, 2004, the Georgia Supreme Court ruled that MEAG Power and the Participants could extend the term of the existing power sales contracts by either (1) amending the power sales contracts for the purpose of extending the term or (2) entering into new power sales contracts for the purpose of extending the term. The Georgia Supreme Court ruled that either approach was lawful under Georgia law so long as the term did not extend beyond 50 years from the effective date of either the amendment or new contract.

MEAG Power and each Participant have executed amendments to their power sales contracts for Project One and the Existing General Resolution Projects which, in part, extended the terms of such contracts until June 1, 2054 (the “Term Extension Amendments”). On December 14, 2004, the Superior Court of Fulton County, Georgia, in a bond validation proceeding relating to certain Project One Senior Bonds, General Resolution Projects Senior Bonds, Project One Subordinated Bonds and General Resolution Projects Subordinated Bonds, entered a judgment validating and confirming, among other

things, (a) all of the terms and provisions of each of the Term Extension Amendments and (b) each of the Project One Power Sales Contracts, the Project Two Power Sales Contracts, the Project Three Power Sales Contracts and the Project Four Power Sales Contracts, in each such case as the same have been amended by the Term Extension Amendments.

The Term Extension Amendments also amended the Project Two Power Sales Contracts, the Project Three Power Sales Contracts and the power sales contracts for Project Four by providing that during the term extension period the output and services and costs of each Project will be allocated to each Participant based upon a percentage derived by dividing the total payments made by such Participant for debt service and capital costs pertaining to such Project during the entirety of the original term of such Participant's power sales contract related to such Project, adjusted to present value, divided by the total payments made by all Participants for debt service and capital costs pertaining to such Project during the entirety of the original term of their power sales contracts related to such Project, also adjusted to present value (hereinafter referred to as "Billing Shares"). The formula for determining the Participant's respective Project Two and Project Three Obligation Shares is not affected by the foregoing. See "THE PARTICIPANTS – Obligation Shares of the Participants – General Resolution Projects" in the Annual Information Statement. Additionally, the Term Extension Amendments amended the schedule of Project Four Obligation Shares, effective as of November 16, 2033, so that such Obligation Shares shall be equal to the Participants' respective Project Four Billing Shares.

In addition, the Term Extension Amendments provided that MEAG Power will not extend the term of any existing generation debt outstanding as of November 3, 2004, exclusive of existing debt pertaining to working capital and nuclear fuel working capital debt components, beyond the following dates: existing Project One generation debt shall not be extended beyond March 1, 2026; existing Project Two generation debt shall not be extended beyond February 1, 2028; existing Project Three generation debt shall not be extended beyond May 1, 2030; and existing Project Four generation debt shall not be extended beyond November 16, 2033. Additionally, MEAG Power committed to the Participants and confirmed in the bond validation proceeding referred to in the second preceding paragraph that it generally would not extend the longest term of any existing generation debt for either Project One or the Existing General Resolution Projects, exclusive of existing debt pertaining to working capital and nuclear fuel working capital debt components, beyond the current term of such indebtedness.

As of the date of this Official Statement, 36 of the Participants are participants in the CC Project. The obligations of such participants with respect to the CC Project are set forth in the CC Contracts (as defined in the Annual Information Statement). See "THE PARTICIPANTS – Obligation Shares of the Participants – CC Project" in the Annual Information Statement and "RECENT DEVELOPMENTS – The Combined Cycle Project" herein. Thirty-two of the Participants are participants in the Telecommunications Project. The obligations of such participants with respect to the Telecommunications Project are set forth in the Telecommunications Contracts. See "THE PARTICIPANTS – Obligation Shares of the Participants – Telecommunications Project" in the Annual Information Statement.

On June 15, 2008, MEAG Power entered into separate power sales contracts (such power sales contracts, as amended, are referred to herein as the "Project M Power Sales Contracts") with 29 of the 49 Participants (in such capacity, the "Project M Participants") relating to Project M. Each Project M Power Sales Contract has a term not to exceed 50 years from June 15, 2008. Under a separate Project M Power Sales Contract with each Project M Participant, MEAG Power has agreed to provide to such Project M Participant, and such Project M Participant has agreed to take from MEAG Power, output and services from Project M and related reserve, emergency and interchange service as may be available. The Project M Power Sales Contract with each Project M Participant provides that its Obligation Share (as defined and described in "THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects" in the Annual Information Statement) of the net power and energy produced by Project M is to be delivered to such Project M Participant and that such Project M Participant is to pay a corresponding

percentage of MEAG Power's costs (including scheduled debt service, unless paid or provided for from the proceeds of Project M Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project M. See "THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects" in the Annual Information Statement. Each Project M Participant's payment obligations under its Project M Power Sales Contract are general obligations to the payment of which its full faith and credit are pledged. MEAG Power's remedies under each Project M Power Sales Contract include specific performance to compel the Project M Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder. For a description of the Project M Participants' payment obligations under their respective Project M Power Sales Contracts, see "SUMMARY OF VOGTLE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants' Obligations to Pay" in Appendix K to the Annual Information Statement.

The output and services representing approximately 66.13 percent of MEAG Power's ownership interest in Vogtle Units 3&4 (that is, the portion not included in Project M) will be surplus initially to the requirements of the Participants. Consequently, with respect to Project J, MEAG Power entered into a power purchase agreement, dated as of May 12, 2008 (as amended from time to time, the "Project J PPA"), with JEA, a publicly owned electric, water and wastewater (sewer) utility located in Jacksonville, Florida ("JEA") for the surplus output and services attributable to Project J. With respect to Project P, MEAG Power entered into a power purchase agreement, dated as of May 12, 2008 (as amended from time to time, the "Project P PPA" and, together with the Project J PPA, the "Vogtle Units 3&4 Power Purchase Agreements"), with PowerSouth Energy Cooperative, a rural electric generation and transmission cooperative located in Andalusia, Alabama ("PowerSouth") for the surplus output and services attributable to Project P. For a description of JEA's and PowerSouth's payment obligations under their respective Vogtle Units 3&4 Power Purchase Agreements, see "SUMMARY OF VOGTLE UNITS 3&4 POWER PURCHASE AGREEMENTS – Project J PPA – JEA's Payment Obligations" and "– Project P PPA – PowerSouth's Payment Obligations," respectively, in Appendix J to the Annual Information Statement.

On June 15, 2008, MEAG Power entered into separate power sales contracts (such power sales contracts, as amended, are referred to herein as the "Project J Power Sales Contracts") with 39 of the 49 Participants (in such capacity, the "Project J Participants"). Under a separate Project J Power Sales Contract with each Project J Participant, beginning with the expiration of the respective twenty-year periods during which JEA is obligated to take the entire output and services from Project J and related reserve, emergency and interchange service of Vogtle Units 3&4 related to Project J, MEAG Power has agreed to provide to such Project J Participant, and such Project J Participant has agreed to take from MEAG Power, its Obligation Share of all of the output and services from Project J and related reserve, emergency and interchange service. The Project J Power Sales Contract with each Project J Participant provides that its Obligation Share (as described in "THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects" in the Annual Information Statement) of the net power and energy produced by Project J is to be delivered to such Project J Participant and that such Project J Participant is to pay a corresponding percentage of MEAG Power's costs (including scheduled debt service, unless paid or provided for from the proceeds of Project J Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project J. Each Project J Participant's payment obligations under its Project J Power Sales Contract are general obligations to the payment of which its full faith and credit are pledged. MEAG Power's remedies under each Project J Power Sales Contract include specific performance to compel the Project J Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder. For a description of the Project J Participants' payment obligations under their respective Project J Power Sales Contracts, see "SUMMARY OF VOGTLE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants' Obligations to Pay" in Appendix K to the Annual Information Statement.

On June 15, 2008, MEAG Power also entered into separate power sales contracts (such power sales contracts, as amended, are referred to herein as the "Project P Power Sales Contracts" and, together

with the Project M Power Sales Contracts and the Project J Power Sales Contracts, the “Vogtle Units 3&4 Power Sales Contracts”) with the same 39 Participants (in such capacity, the “Project P Participants” and, together with the Project M Participants and the Project J Participants, the “Vogtle Units 3&4 Participants”). Under a separate Project P Power Sales Contract with each Project P Participant, beginning with the expiration of the respective twenty-year periods during which PowerSouth is obligated to take the entire output and services from Project P and related reserve, emergency and interchange service of Vogtle Units 3&4 related to Project P, MEAG Power has agreed to provide to such Project P Participant, and such Project P Participant has agreed to take from MEAG Power, its Obligation Share of all of the output and services from Project P and related reserve, emergency and interchange service. The Project P Power Sales Contract with each Project P Participant provides that its Obligation Share (as described in “THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects” in the Annual Information Statement) of the net power and energy produced by Project P is to be delivered to such Project P Participant and that such Project P Participant is to pay a corresponding percentage of MEAG Power’s costs (including scheduled debt service, unless paid or provided for from the proceeds of Project P Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project P. Each Project P Participant’s payment obligations under its Project P Power Sales Contract are general obligations to the payment of which its full faith and credit are pledged. MEAG Power’s remedies under each Project P Power Sales Contract include specific performance to compel the Project P Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder. For a description of the Project P Participants’ payment obligations under their respective Project P Power Sales Contracts, see “SUMMARY OF VOGTLE UNITS 3&4 POWER SALES CONTRACTS – Vogtle Units 3&4 Participants’ Obligations to Pay” in Appendix K to the Annual Information Statement.

For information concerning certain of the Participants, see Appendix C to the Annual Information Statement.

The Bonds

This Official Statement provides information in connection with the issuance and sale of (a) MEAG Power’s Power Revenue Bonds, Taxable Series Four in the principal amount of \$100,650,000 (the “Project One Taxable Series Four Senior Bonds”), which are Project One Senior Bonds, (b) MEAG Power’s General Power Revenue Bonds, Taxable 2012A Series in the principal amount of \$58,040,000 (the “General Resolution Projects Taxable 2012A Series Senior Bonds” and, together with the Project One Taxable Series Four Senior Bonds, the “2012 Senior Bonds”), which are General Resolution Projects Senior Bonds, (c) MEAG Power’s Project One Subordinated Bonds, Taxable Series 2012A in the principal amount of \$59,575,000 (the “Project One Taxable Series 2012A Subordinated Bonds”), which are Project One Subordinated Bonds and (d) MEAG Power’s General Resolution Projects Subordinated Bonds, Taxable Series 2012A in the principal amount of \$81,160,000 (the “General Resolution Projects Taxable Series 2012A Subordinated Bonds” and, together with the Project One Taxable Series 2012A Subordinated Bonds, the “2012 Subordinated Bonds”), which are General Resolution Projects Subordinated Bonds. The 2012 Senior Bonds and the 2012 Subordinated Bonds are sometimes referred to herein collectively as the “Bonds.”

The Project One Taxable Series Four Senior Bonds will be issued pursuant to the Thirty-Fifth Supplemental Power Revenue Bond Resolution adopted by MEAG Power on December 30, 2011, which supplements the Project One Resolution. The Project One Taxable Series Four Senior Bonds are being issued to (a) finance certain capital improvements to Project One, (b) provide a portion of the moneys required to retire \$82,179,000 in principal amount of taxable commercial paper notes that were issued to finance or refinance certain improvements to the coal-fired generating units included in Project One (the “Project One Refunded CP Notes”), (c) provide moneys for deposit in the Debt Service Reserve Account in the Debt Service Fund established under the Project One Resolution and (d) pay the costs of issuance of the Project One Taxable Series Four Senior Bonds.

The General Resolution Projects Taxable 2012A Series Senior Bonds will be issued pursuant to the Nineteenth Supplemental General Power Revenue Bond Resolution adopted by MEAG Power on December 30, 2011, which supplements the General Resolution Projects Resolution. The General Resolution Projects Taxable 2012A Series Senior Bonds are being issued to (a) finance certain capital improvements to Projects Two and Three, (b) provide the moneys required to retire \$2,178,000 in principal amount of taxable commercial paper notes that were issued to finance certain improvements to the coal-fired generating units included in Projects Two and Three (the “General Resolution Projects Senior Refunded CP Notes”), (c) provide moneys for deposit in the Debt Service Reserve Account in the Debt Service Fund established under the General Resolution Projects Resolution and (d) pay the costs of issuance of the General Resolution Projects Taxable 2012A Series Senior Bonds.

The Project One Taxable Series 2012A Subordinated Bonds will be issued pursuant to the Thirty-Ninth Supplemental Project One Subordinated Bond Resolution adopted by MEAG Power on December 30, 2011, which supplements the Project One Subordinated Resolution. The Project One Taxable Series 2012A Subordinated Bonds are being issued to (a) finance certain capital improvements to Project One (including repayment of certain borrowings made under the Project One Revolving Credit Agreement (as defined in the Annual Information Statement) for such purpose in the aggregate principal amount of approximately \$6,334,000 (the “Project One Borrowings”), (b) provide a portion of the moneys required to retire the Project One Refunded CP Notes and (c) pay the costs of issuance of the Project One Taxable Series 2012A Subordinated Bonds.

The General Resolution Projects Taxable Series 2012A Subordinated Bonds will be issued pursuant to the Eighteenth Supplemental General Resolution Projects Subordinated Bond Resolution adopted by MEAG Power on December 30, 2011, which supplements the General Resolution Projects Subordinated Resolution. The General Resolution Projects Series 2012A Subordinated Bonds are being issued to (a) finance certain capital improvements to Projects Two and Three (including repayment of certain borrowings made under the General Resolution Projects Revolving Credit Agreement (as defined in the Annual Information Statement) for such purpose in the aggregate principal amount of approximately \$15,781,000 (the “General Resolution Projects Borrowings”), (b) provide the moneys required to retire \$4,715,000 in principal amount of taxable commercial paper notes that were issued to refinance certain improvements to the coal-fired generating units included in Project Four (the “General Resolution Projects Subordinated Refunded CP Notes” and, together with the General Resolution Projects Senior Refunded CP Notes and the Project One Refunded CP Notes, the “Refunded CP Notes”), and (c) pay the costs of issuance of the General Resolution Projects Taxable Series 2012A Subordinated Bonds.

On December 28, 2011, MEAG Power (a) retired \$400,000 in aggregate principal amount of tax-exempt commercial paper notes issued for Project One from Project One Revenues accumulated for that purpose, (b) retired \$9,000,000 in aggregate principal amount of taxable commercial paper notes issued for Project Three from proceeds of its General Resolution Projects Subordinated Bonds, Taxable Series 2011D (the “General Resolution Projects Series 2011D Subordinated Bonds”) and (c) issued (i) its Project One taxable commercial paper notes in the aggregate principal amount of \$82,179,000 to (X) provide the balance of the funds required to refund MEAG Power’s Project One Subordinated Bonds, Taxable Series 2009A (the “Project One Series 2009A Subordinated Bonds”) maturing on January 1, 2012 and (Y) finance certain capital improvements to Project One and (ii) its General Resolution Projects taxable commercial paper notes in the aggregate principal amount of \$6,893,000 to (X) provide the balance of the funds required to refund MEAG Power’s General Resolution Projects Subordinated Bonds, Taxable Series 2009A (the “General Resolution Projects Series 2009A Subordinated Bonds”) maturing on January 1, 2012 and (Y) finance certain capital improvements to Projects Two and Three.

As of the date of this Official Statement there are outstanding \$539,534,611 and \$1,932,275,272 aggregate principal amount of Project One Senior Bonds and Project One Subordinated Bonds, respectively, and \$297,230,000 and \$584,157,168 aggregate principal amount of General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds, respectively. The accretion

of Capital Appreciation Bonds (“CABs”), which totaled approximately \$78,331,500 as of the date of this Official Statement, is not included in these amounts. Such Project One Subordinated Bonds and General Resolution Projects Subordinated Bonds include (i) \$148,065,000 and \$116,285,000 principal amount, respectively, of variable rate bonds that are subject to optional or mandatory tender for purchase from time to time and are supported by letters of credit or other liquidity facilities provided by one or more banks and (ii) \$128,257,000 and \$71,743,000 principal amount, respectively, of commercial paper notes that are supported by letters of credit issued by one or more banks. See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program” and “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity, Results of Operations or Financial Condition – *Credit and Liquidity Support for MEAG Power’s Commercial Paper Notes*” and “– *Credit and Liquidity Support for MEAG Power’s Variable Rate Subordinated Bonds*” in the Annual Information Statement.

On or about January 3, 2012, MEAG Power expects to retire \$8,094,000 in aggregate principal amount of taxable commercial paper notes issued for Project Three from proceeds of the General Resolution Projects Series 2011D Subordinated Bonds. In addition, on or about January 5, 2012, MEAG Power expects to retire \$750,000 in aggregate principal amount of tax-exempt commercial paper notes issued for Projects Two and Three from Revenues from Projects Two and Three accumulated for that purpose. Upon such retirements, MEAG Power will have an aggregate principal amount of \$128,257,000 of Project One commercial paper notes outstanding and an aggregate principal amount of \$62,899,000 of General Resolution Projects commercial paper notes outstanding.

Cautionary Statement Regarding Forward-Looking Information

This Official Statement (including the information contained in the Annual Information Statement included by reference herein) contains forward-looking statements. Forward-looking statements include, among other things, statements concerning sales, customer growth, economic recovery, current and proposed environmental regulations and related estimated expenditures, access to sources of capital, financing activities, start and completion of construction projects, plans and estimated costs for new generation resources, estimated sales and purchases of power and energy, and estimated construction and other expenditures. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “could,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “estimated,” “scheduled,” “potential,” or “continue” or the negative of these terms or other similar terminology. These forward-looking statements are based largely on MEAG Power’s current expectations and are subject to a number of risks and uncertainties, some of which are beyond MEAG Power’s control. There are various factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Accordingly, there can be no assurance that such indicated results will be realized. These factors include:

- the impact of recent and future federal and state regulatory changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry, implementation of the Energy Policy Act of 2005, environmental laws including regulation of water quality, coal combustion byproducts, and emissions of sulfur, nitrogen, carbon, soot, particulate matter hazardous air pollutants, including mercury, and other substances, financial reform legislation, and also changes in tax and other laws and regulations to which MEAG Power and its Participants are subject, as well as changes in application of existing laws and regulations;
- current and future litigation, regulatory investigations, proceedings, or inquiries;
- the effects, extent, and timing of the entry of additional competition in the markets in which MEAG Power’s Participants operate;

- variations in demand for electricity, including those relating to weather, the general economy and recovery from the recent recession, population and business growth (and declines), and the effects of energy conservation measures;
- available sources and costs of fuels;
- effects of inflation;
- ability to control costs and avoid cost overruns during the development and construction of facilities, including those relating to unanticipated conditions encountered during construction, and risks of performance by contractors and subcontractors;
- investment performance of MEAG Power's invested funds;
- advances in technology;
- regulatory approvals and actions related to Vogtle Units 3&4, including GPSC and NRC approvals and potential DOE loan guarantees;
- the ability of counterparties of MEAG Power to make payments as and when due and to perform as required;
- the direct or indirect effect on MEAG Power's business resulting from terrorist incidents and the threat of terrorist incidents, including cyber intrusion;
- interest rate fluctuations and financial market conditions and the results of financing efforts, including MEAG Power's and its Participants' credit ratings;
- the impacts of any potential U.S. credit rating downgrade or other sovereign financial issues, including impacts on interest rates, access to capital markets, impacts on currency exchange rates, counterparty performance, and the economy in general, as well as potential impacts on the availability or benefits of proposed DOE loan guarantees;
- the ability of MEAG Power to obtain additional generating capacity at competitive prices;
- the ability of MEAG Power and its Participants to dispose of surplus generating capacity at competitive prices;
- catastrophic events such as fires, earthquakes, explosions, floods, hurricanes, droughts, pandemic health events such as influenzas, or other similar occurrences;
- the direct or indirect effects on MEAG Power's business resulting from incidents affecting the U.S. electric grid or operation of generating resources;
- the effect of accounting pronouncements issued periodically by standard setting bodies; and
- other factors discussed elsewhere herein and in the Annual Information Statement.

MEAG Power expressly disclaims any obligation to update any forward-looking statements.

Other

Unless otherwise defined herein, all capitalized terms in this Official Statement shall have the same meanings as given to them in the Annual Information Statement.

All descriptions of documents herein are only summaries and are qualified in their entirety by reference to each such document.

INCLUSION OF CERTAIN INFORMATION BY REFERENCE

In accordance with the provisions of Rule 15c2-12, as amended (“Rule 15c2-12”), promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on June 29, 2011, MEAG Power filed with the Municipal Securities Rulemaking Board (the “MSRB”), through the MSRB’s Electronic Municipal Market Access (“EMMA”) website, currently located at <http://emma.msrb.org>, a document entitled “Annual Information Statement Dated June 29, 2011, of Municipal Electric Authority of Georgia For the Fiscal Year Ended December 31, 2010” (the “Annual Information Statement”). The Annual Information Statement sets forth certain information concerning MEAG Power (including, among other information, the audited consolidated financial statements of MEAG Power as of December 31, 2010 and 2009 and for the fiscal years then ended, MEAG Power’s outstanding debt, Project One, the Existing General Resolution Projects, the CC Project, the Vogtle Units 3&4 Projects, the Telecommunications Project and certain of the Participants). There is hereby included in this Official Statement by this reference the information contained in the Annual Information Statement, which information should be read in its entirety in conjunction with this Official Statement. Reference also is made to (a) the information in this Official Statement under the caption “RECENT DEVELOPMENTS,” which information updates and supplements certain of the information contained in the Annual Information Statement and (b) the information in this Official Statement under the caption “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” and in “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION, AS AMENDED BY AMENDING RESOLUTIONS” in APPENDIX C hereto, which information describes certain proposed amendments to the Project One Resolution and the General Resolution Projects Resolution.

Copies of the Annual Information Statement may be obtained from the MSRB through the MSRB’s EMMA website (<http://emma.msrb.org>). Copies of the Annual Information Statement also may be obtained via the Internet, from MEAG Power’s website as described below.

The Annual Information Statement is available for viewing and downloading from MEAG Power’s website (<http://www.meagpower.org>) by selecting “News/Publications,” then selecting “Annual Information Statement” and then selecting “Annual Information Statement for Fiscal Year Ended December 31, 2010 with Appendices.”

In addition, the current Quarterly Participant Report (as defined in the Continuing Disclosure Agreement referred to under “CONTINUING DISCLOSURE UNDERTAKING” herein) dated August 1, 2011, with respect to certain Participants heretofore filed by MEAG Power with the MSRB pursuant to Rule 15c2-12, which completed MEAG Power’s filing of current Annual Major Participant Financial Information (as defined in the Continuing Disclosure Agreement), and all documents filed by MEAG Power with the MSRB pursuant to such Rule subsequent to the date of this Official Statement and prior to the termination of the primary offering of the Bonds will be deemed to be included by reference in this Official Statement and to be a part hereof from the date of filing of such documents.

Any statement contained in a document included or deemed to be included by reference herein will be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is included or deemed to be included by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

MEAG Power has agreed to provide without charge to each person to whom a copy of this Official Statement has been delivered, upon the written request of such person, a copy of any or all of the documents or filings included herein by reference.

PLAN OF FINANCING

Purpose of Issue

A portion of the proceeds of the Project One Taxable Series Four Senior Bonds will be deposited in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project One Resolution so that, upon the issuance of the Project One Taxable Series Four Senior Bonds, the amount on deposit therein will be equal to the Debt Service Reserve Requirement therefor. The remainder of the proceeds of the Project One Taxable Series Four Senior Bonds will be deposited in the Construction Fund established under the Project One Resolution and will be used to (a) finance certain capital improvements to Project One, (b) provide a portion of the moneys required to retire the Project One Refunded CP Notes and (c) pay the costs of issuance of the Project One Taxable Series Four Senior Bonds.

A portion of the proceeds of the General Resolution Projects Taxable 2012A Series Senior Bonds will be deposited in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the General Resolution Projects Resolution so that, upon the issuance of the General Resolution Projects Taxable 2012A Series Senior Bonds, the amount on deposit therein will be equal to the Debt Service Reserve Requirement therefor. The remainder of the proceeds of the General Resolution Projects Taxable 2012A Series Senior Bonds will be deposited in the Construction Fund established under the General Resolution Projects Resolution and will be used to (a) finance certain capital improvements to Projects Two and Three, (b) provide the moneys required to retire the General Resolution Projects Senior Refunded CP Notes and (c) pay the costs of issuance of the General Resolution Projects Taxable 2012A Series Senior Bonds.

The proceeds of the Project One Taxable Series 2012A Subordinated Bonds will be deposited in the Construction Fund established under the Project One Resolution and will be used to (a) finance certain capital improvements to Project One (including repayment of the Project One Borrowings), (b) provide a portion of the moneys required to retire the Project One Refunded CP Notes and (c) pay the costs of issuance of the Project One Taxable Series 2012A Subordinated Bonds.

The proceeds of the General Resolution Projects Taxable Series 2012A Subordinated Bonds will be deposited in the Construction Fund established under the General Resolution Projects Resolution and will be used to (a) finance certain capital improvements to Projects Two and Three (including repayment of the General Resolution Projects Borrowings), (b) provide the moneys required to retire the General Resolution Projects Subordinated Refunded CP Notes and (c) pay the costs of issuance of the General Resolution Projects Taxable Series 2012A Subordinated Bonds.

MEAG Power does not intend that the Refunded CP Notes will be “legally” defeased in the manner provided in the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution, respectively. Since MEAG Power does not intend to satisfy the conditions set forth for achieving a “legal” defeasance of the Refunded CP Notes, upon the issuance of the Bonds, the Refunded CP Notes will be considered “economically,” rather than “legally,” defeased, and the Refunded CP Notes will not be deemed to have been paid in accordance with the provisions of the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as applicable. As a result, the Refunded CP Notes will not cease to be outstanding under the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution, respectively, upon the issuance of the Bonds, but will remain outstanding until retired. Accordingly, the refunding of the Refunded CP Notes will not result in removal of the Refunded CP Notes from the Project One and the General Resolution Projects financial statements, respectively, until the Refunded CP Notes are so retired.

**Resulting Annual Debt Service on Outstanding Bonds for
Project One and Existing General Resolution Projects**

Set forth below is the annual debt service payable by MEAG Power on outstanding bonds for Project One and the Existing General Resolution Projects after giving effect to the issuance of the Bonds and the retirement of the Refunded CP Notes contemplated hereby.

**Summary of Annual Debt Service on Outstanding Bonds
for Project One and Existing General Resolution Projects
(After Giving Effect to the Issuance of the Bonds and
Retirement of Commercial Paper Notes Contemplated Hereby)
(Dollars in Thousands)**

Year Ending December 31,	Annual Debt Service				Total Projects One, Two, Three and Four
	Project One Bonds		General Resolution Projects Bonds		
	Senior	Subordinated ⁽¹⁾⁽²⁾	Senior	Subordinated ⁽¹⁾⁽²⁾	
2011	\$ 88,578	\$149,030	\$47,821	\$ 44,981	\$330,409
2012	123,803	119,950	53,166	35,624	332,544
2013	120,392	120,993	52,584	38,566	332,535
2014	110,388	114,201	56,857	52,227	333,673
2015	90,801	114,223	55,306	35,681	296,011
2016	58,248	139,491	51,939	44,379	294,058
2017	33,265	142,110	49,594	42,491	267,460
2018	38,365	128,119	20,871	71,481	258,836
2019	40,283	215,522	12,954	31,521	300,280
2020	12,207	102,503	7,753	39,371	161,835
2021	25,666	114,543	7,750	13,037	160,997
2022	20,446	95,177	7,697	12,292	135,611
2023	20,484	59,161	6,804	11,743	98,190
2024	36,999	53,377	6,812	11,728	108,916
2025	12,417	77,629	6,800	11,665	108,511
2026	3,809	38,751	6,794	11,719	61,073
2027	3,806	127,482 ⁽³⁾	6,797	57,080 ⁽³⁾	195,164
2028	–	96,590 ⁽³⁾	–	46,085 ⁽³⁾	142,675
2029	–	72,481 ⁽³⁾	–	79,911 ⁽³⁾	152,392
2030	–	190,704 ⁽³⁾	–	318,639 ⁽³⁾	509,343
2031	–	40,832	–	18,072	58,904
2032	–	40,412	–	17,827	58,238
2033	–	39,719	–	17,783	57,502
2034	–	38,836	–	17,610	56,446
2035	–	36,713	–	15,261	51,975
2036	–	35,520	–	15,108	50,628
2037	–	28,646	–	3,116	31,762
2038	–	28,648	–	3,116	31,764
2039	–	28,680	–	3,116	31,796
2040	–	28,741	–	3,116	31,856
2041	–	28,721	–	3,116	31,837
2042	–	28,752	–	3,116	31,867
2043	–	28,758	–	3,116	31,874
2044	–	28,796	–	3,116	31,911
2045	–	28,841	–	3,116	31,957
2046	–	26,011	–	578	26,588
2047	–	24,759	–	578	25,337
2048	–	22,843	–	578	23,420
2049	–	21,347	–	578	21,924
2050	–	20,680	–	578	21,257
2051	–	18,777	–	578	19,354
2052	–	18,510	–	578	19,087
2053	–	30,300	–	11,578	41,877

(footnotes begin on following page)

(footnotes from preceding page)

(1) Amounts shown in this table:

(a) reflect estimates of interest costs on variable rate Project One Subordinated Bonds and General Resolution Projects Subordinated Bonds (including commercial paper) of 3.75 percent per annum, in the case of tax-exempt debt, and 5.25 percent per annum, in the case of taxable debt;

(b) reflect MEAG Power's current expectations as to the timing of the amortization of certain debt for which no specific amortization requirements have been established;

(c) exclude debt service on the General Resolution Projects Subordinated Bonds, Series 1985A in the aggregate principal amount of \$23,050,000 that were issued to finance nuclear fuel; interest on such bonds is capitalized and is assumed to be paid from amounts received by MEAG Power in respect of the consumption of such fuel and carrying charges with respect thereto, and the principal of such bonds, or any future bonds issued to refund such bonds, is assumed to be paid from revenues received by MEAG Power in respect of the final batches of nuclear fuel consumed prior to the retirement of the respective nuclear units;

(d) include interest on, but not principal of, the bonds listed in the following tables:

Project One Subordinated Bonds				General Resolution Projects Subordinated Bonds			
Series	Maturity	Interest Rate	Principal	Series	Maturity	Interest Rate	Principal
2008D	1/1/2026	5.500%	\$15,205,000	2008C	1/1/2020	5.250%	\$1,135,000
2009B	1/1/2016	5.000	20,550,000	2009B	1/1/2016	4.000	895,000
2010A	1/1/2012	1.838	550,000	2011A	1/1/2015	3.000	35,000
2010A	1/1/2013	2.421	3,370,000	2011A	1/1/2016	3.000	90,000
2010A	1/1/2014	2.697	3,535,000	2011A	1/1/2017	3.500	170,000
2010A	1/1/2015	3.047	10,035,000	2011A	1/1/2018	3.250	95,000
2011A	1/1/2015	4.000	105,000	2011A	1/1/2019	3.500	140,000
2011A	1/1/2015	5.000	225,000	2011A	1/1/2020	3.750	40,000
2011A	1/1/2016	5.000	1,140,000	2011A	1/1/2021	4.000	25,000
2011A	1/1/2017	5.000	2,265,000	2011B	1/1/2015	4.000	275,000
2011A	1/1/2018	5.000	1,250,000	2011B	1/1/2016	4.000	835,000
2011A	1/1/2019	5.000	1,920,000	2011B	1/1/2017	4.000	1,600,000
2011A	1/1/2020	5.000	525,000	2011B	1/1/2018	4.000	890,000
2011A	1/1/2021	5.000	355,000	2011B	1/1/2019	4.000	1,345,000
2011B	1/1/2015	3.000	175,000	2011B	1/1/2020	4.000	365,000
2011B	1/1/2016	3.000	495,000	2011B	1/1/2021	5.000	245,000
2011B	1/1/2017	3.000	925,000	2011C	1/1/2014	2.100	180,000
2011B	1/1/2018	3.250	510,000				
2011B	1/1/2019	3.500	765,000				
2011B	1/1/2020	3.750	210,000				
2011B	1/1/2021	5.000	140,000				
2011C	1/1/2013	1.750	100,000				
Total Principal:			\$64,350,000	Total Principal:			\$8,360,000

Such principal amounts are intended to be paid with moneys which are not Revenues and are expected to be paid from amounts expected to be released from the Debt Service Reserve Accounts in the Debt Service Funds and/or the 1985 Subordinated Bonds Debt Service Reserve Accounts in the Subordinated Bond Funds established pursuant to the Project One Resolution and the General Resolution Projects Resolution on the respective due dates thereof;

(e) include interest on, but not principal of, the bonds listed in the following tables:

Project One Subordinated Bonds				General Resolution Projects Subordinated Bonds			
Series	Maturity	Interest Rate	Principal	Series	Maturity	Interest Rate	Principal
2010A	1/1/2016	3.547%	\$65,865,000	2010A	1/1/2016	3.547%	\$61,275,000
Total Principal:			\$65,865,000	Total Principal:			\$61,275,000

Such principal amounts constitute "Refundable Principal Installments" within the meaning of the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution, respectively, are intended to be paid with moneys which are not Revenues and are expected to be paid from amounts expected to be released from the Debt Service Reserve Accounts in the Debt Service Funds and/or the 1985 Subordinated Bonds Debt Service Reserve Accounts in the Subordinated Bond Funds established pursuant to the Project One Resolution and the General Resolution Projects Resolution on the respective due dates thereof;

(f) exclude debt service on the bonds listed in the following tables that were issued to finance nuclear fuel:

Project One Subordinated Bonds				General Resolution Projects Subordinated Bonds			
Series	Maturity	Interest Rate	Principal	Series	Maturity	Interest Rate	Principal
2008D	1/1/2019	5.750%	\$162,692,984	2008C	1/1/2019	5.500%	\$9,870,000
2008D	1/1/2021	6.000	11,745,000				
2008D	1/1/2025	5.500	13,880,000				
Total Principal:			\$188,317,984	Total Principal:			\$9,870,000

The principal of the bonds listed in the tables above constitutes “Refundable Principal Installments” within the meaning of the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution, respectively, and such bonds are assumed to be refunded on the respective due dates thereof from the proceeds of additional bonds issued under the applicable resolutions. The interest on the bonds listed in the tables above, together with the interest on the bonds assumed to be issued to refund the bonds listed in such tables, is assumed to be paid from amounts received by MEAG Power in respect of the consumption of such fuel and carrying charges with respect thereto, and the principal of such refunding bonds is assumed to be paid from revenues received by MEAG Power in respect of the final batches of nuclear fuel consumed prior to the retirement of the respective nuclear units; and

(g) include interest on, but not principal of, the bonds listed in the following tables:

Project One Subordinated Bonds				General Resolution Projects Subordinated Bonds			
Series	Maturity	Interest		Series	Maturity	Interest	
		Rate	Principal			Rate	Principal
2009A	1/1/2012	5.000%	\$ 80,940,000	2009A	1/1/2012	5.000%	\$ 4,715,000
2009B	1/1/2020	5.000	213,705,000	2009B	1/1/2020	5.000	6,735,000
2011A	1/1/2021	5.000	133,350,000	2009B	1/1/2020	4.000	815,000
2011B	1/1/2021	5.000	20,770,000	2011A	1/1/2021	4.000	4,035,000
2012A	1/1/2022	4.430	40,960,000	2011B	1/1/2021	5.000	37,620,000
				2012A	1/1/2022	4.430	72,655,000
Total Principal:			\$489,725,000	Total Principal:			\$126,575,000

Such principal amounts constitute “Refundable Principal Installments” within the meaning of the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution, respectively, are intended to be paid with moneys which are not Revenues and are assumed to be refunded on the respective due dates thereof from the proceeds of additional subordinated bonds with principal, reflected in the columns, amortizing from January 1, 2018 to January 1, 2054. The subordinated bonds assumed to be issued to refund the Project One Subordinated Bonds, Series 2009A and the General Resolution Projects Subordinated Bonds, Series 2009A listed in the tables above are assumed to bear interest at a rate of 5.25 percent per annum, the subordinated bonds assumed to be issued to refund the Project One Subordinated Bonds, Series 2009B and the General Resolution Projects Subordinated Bonds, Series 2009B listed in the tables above are assumed to bear interest at the respective rates borne by such Series 2009B Bonds, the subordinated bonds assumed to be issued to refund the Project One Subordinated Bonds, Series 2011A and the General Resolution Projects Subordinated Bonds, Series 2011A listed in the tables above are assumed to bear interest at the respective rates borne by such Series 2011A Bonds, the subordinated bonds assumed to be issued to refund the Project One Subordinated Bonds, Series 2011B and the General Resolution Projects Subordinated Bonds, Series 2011B listed in the tables above are assumed to bear interest at the respective rates borne by such Series 2011B Bonds, and the subordinated bonds assumed to be issued to refund the Project One Taxable Series 2012A Subordinated Bonds and the General Resolution Projects Taxable Series 2012A Subordinated Bonds listed in the tables above are assumed to bear interest at the respective rates borne by such Series 2012A Bonds.

- (2) The aggregate outstanding principal amount of variable rate subordinated bonds reflected in the table is \$276,322,000 for Project One and \$179,184,000 for the Existing General Resolution Projects, of which \$128,257,000 for Project One and \$62,899,000 for the Existing General Resolution Projects are commercial paper notes that are supported by letters of credit issued by one or more banks.
- (3) Amounts shown in this table include the Accreted Value payable at maturity on the 2006A CABs (as defined in the Annual Information Statement). As described under “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – *Environmental Facilities Reserve Accounts*” in the Annual Information Statement, amounts on deposit in the Environmental Facilities Reserve Accounts may be applied to any lawful purpose of MEAG Power related to the Coal Units (as defined in the Annual Information Statement), including the payment of debt service on any senior bonds or subordinated bonds issued with respect to the Coal Units when due (including, without limitation, the 2006A CABs). MEAG Power anticipates that sufficient funds will be on deposit in the Environmental Facilities Reserve Accounts to pay at maturity the 2006A CABs when due. However, no assurances can be given that such amounts will be on deposit in the Environmental Facilities Reserve Accounts on the respective maturity dates of the 2006A CABs or as to whether such amounts, if on deposit in such Accounts at such dates, will be used by MEAG Power to pay the 2006A CABs as they mature.

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ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds in connection with the issuance of the Bonds.

	Project One Taxable Series Four Senior Bonds	General Resolution Projects Taxable 2012A Series Senior Bonds	Project One Taxable Series 2012A Subordinated Bonds	General Resolution Projects Taxable Series 2012A Subordinated Bonds
Sources of Funds:				
Principal Amount of Bonds.....	\$100,650,000	\$58,040,000	\$59,575,000	\$81,160,000
Total Sources	<u>\$100,650,000</u>	<u>\$58,040,000</u>	<u>\$59,575,000</u>	<u>\$81,160,000</u>
Use of Funds:				
Deposit to applicable Construction Fund ¹	\$ 96,191,629	\$55,122,565	\$59,208,614	\$80,655,078
Deposit to applicable Debt Service Reserve Account	3,839,373	2,560,489	-	-
Underwriter's Discount.....	266,723	153,806	157,874	215,074
Costs of Issuance	352,275	203,140	208,512	289,848
Total Uses	<u>\$100,650,000</u>	<u>\$58,040,000</u>	<u>\$59,575,000</u>	<u>\$81,160,000</u>

¹ To be used to (a) finance certain capital improvements to Project One and Projects Two and Three, as applicable (including repayment of the Project One Borrowings and the General Resolution Projects Borrowings, as applicable) and (b) retire the Refunded CP Notes, as applicable.

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amounts, will bear interest at the rates per annum, payable semi-annually on January 1 and July 1 of each year commencing July 1, 2012 and will mature on January 1 in the years and in the principal amounts, set forth on the inside cover page hereof. The Bonds will be issuable only in fully registered form in denominations of \$5,000 or any integral multiple thereof and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as initial securities depository for the Bonds. For so long as the Bonds are held in the book-entry only system, references herein to the bondholders, holders or owners of such bonds will mean Cede & Co. Purchasers of the Bonds will not receive or have the right to receive bond certificates except as hereinafter provided. For a further description of DTC and the book-entry only system of registration and transfer of beneficial interests in the Bonds, see "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

So long as the Bonds are held in the book-entry only system described in APPENDIX A hereto, the principal or redemption price of, and interest on, such Bonds will be paid through the facilities of DTC, and a Beneficial Owner (as defined in APPENDIX A hereto) of Bonds must maintain an account with a broker or dealer who is, or acts through, a Direct Participant (as defined in APPENDIX A hereto) in order to receive payment of the principal or redemption price of, and interest on, such Bond.

The Bonds may be transferred only on the registry books of MEAG Power kept for that purpose by The Bank of New York Mellon, as Bond Registrar under the Project One Resolution and the General Resolution Projects Resolution, and as Certificate Registrar under the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution.

Interest on any Bond will be paid to the person in whose name such Bond is registered on the applicable record date, which is December 15 for interest due on January 1, and June 15 for interest due on July 1. Interest on the Bonds will be payable by check or draft of The Bank of New York Mellon, as Paying Agent, mailed to the registered owners at the addresses shown on the registry books of MEAG Power kept for that purpose at the designated corporate trust office of The Bank of New York Mellon, as of the close of business on the applicable record date. Except as otherwise provided in the Project One Resolution (in the case of the Project One Taxable Series Four Senior Bonds), the General Resolution Projects Resolution (in the case of the General Resolution Projects Taxable 2012A Series Senior Bonds), the Project One Subordinated Resolution (in the case of the Project One Taxable Series 2012A Subordinated Bonds) and the General Resolution Projects Subordinated Resolution (in the case of the General Resolution Projects Taxable Series 2012A Subordinated Bonds) with respect to Bonds subject to a book-entry-only system of registration, the principal and redemption price of all Bonds will be payable at the designated corporate trust office of the Paying Agent.

Security for the Project One Taxable Series Four Senior Bonds

Pledge. The Project One Taxable Series Four Senior Bonds, together with all other series of Project One Senior Bonds, will be payable from and secured by a pledge of the revenues of MEAG Power attributable to Project One after payment of operating expenses relating thereto, as well as by a pledge of the Construction Fund, the Debt Service Fund and all other funds established by the Project One Resolution. The Project One Resolution permits the issuance of additional Project One Senior Bonds for certain purposes relating to Project One.

Power Sales Contracts. Under the separate Project One Power Sales Contract with each Initial Participant, MEAG Power has agreed to provide to such Participant, and such Participant has agreed to take from MEAG Power, output and services from Project One and related reserve, emergency and interchange service as may be available for the useful life thereof. Each Project One Power Sales Contract provides that a specified percentage of the net power and energy produced by Project One is to be delivered to the Initial Participant and that such Participant is to pay a corresponding percentage of MEAG Power's costs (including scheduled debt service, unless paid or provided for from the proceeds of Project One Senior Bonds or Project One Subordinated Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project One. Such payments are required to be made by the Initial Participant whether or not Project One or any part thereof is operating or operable or its output is suspended, interrupted, interfered with, reduced, curtailed or terminated in whole or in part. Such payments are not subject to reduction whether by offset or otherwise and are not conditional upon the performance or nonperformance by any party of any agreement for any cause whatever. Payments made for power and energy from Project One sold to others, including GPC, are credited to the accounts of the Initial Participants. As a result of the Term Extension Amendments, each power sales contract for Project One will continue in full force and effect until June 1, 2054. As more fully discussed under "INTRODUCTORY STATEMENT – The Participants" herein, (a) each of the Initial Participants has agreed to provide a portion of its Project One Entitlement Share to Oxford and (b) Sylvania has agreed to provide a portion of its Project One Entitlement Share to Acworth, but each Initial Participant remains obligated for the payment of all costs associated with the portion(s) of its Entitlement Share so provided. The Project One power sales contracts between MEAG Power and Oxford and Acworth are substantially identical to the Project One Power Sales Contracts between MEAG Power and the Initial Participants.

In the court proceedings relating to the initial validation of the Project One Senior Bonds, the Georgia Supreme Court affirmed the lower court's decision that each of the Initial Participant's payment obligations under its Project One Power Sales Contract are general obligations to the payment of which its full faith and credit are pledged, that all terms and provisions of the Project One Power Sales Contracts are valid and binding upon the Initial Participants and that the Project One Power Sales Contracts are enforceable. So long as electric power and energy are actually received by a Participant from any facility

of Project One, payments are required to be made as a cost of power and energy of the Participant's electric system and as an expense of operation and maintenance thereof. Each Participant has covenanted to maintain and collect rates to provide revenues sufficient, together with available electric system reserves, to make such payments. If payment is not made from the revenues of the electric system of the Participant or from other funds thereof, the Participant is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make the payments required under its Project One power sales contract. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of the Participant is required, in accordance with the provisions of the legislation creating MEAG Power (the "Act"), to set up as an appropriation on the accounts of the Participant the amounts required to pay its obligations under its Project One power sales contract, and such appropriation will have the same legal status as if the Participant had included the amount of the appropriation in its general revenue or appropriation measure. MEAG Power's remedies under each Project One power sales contract include specific performance to compel the Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

Debt Service Reserve Account. The Project One Resolution establishes a Debt Service Reserve Account in the Debt Service Fund and requires that such Account be funded in an amount equal to the Debt Service Reserve Requirement, which is defined to mean, as of any date of calculation, an amount equal to the greatest amount of the Aggregate Debt Service (as defined in "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Definitions – *The Project One Resolution*" in Appendix F to the Annual Information Statement) on the Project One Senior Bonds for the current or any future calendar year. The Project One Resolution provides that, in lieu of depositing monies in the Debt Service Reserve Account, or in substitution for monies previously deposited in the Debt Service Reserve Account, MEAG Power may provide the Trustee with a Financial Guaranty (as such term is defined in the Project One Resolution) for deposit into the Debt Service Reserve Account. See "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Debt Service Reserve Accounts – Deposit of Financial Guaranty" in Appendix F to the Annual Information Statement. The Debt Service Reserve Account was funded with a Financial Guaranty in the form of a Debt Service Reserve Surety Bond (the "MBIA Surety Bond") issued by MBIA Insurance Corporation ("MBIA"). The MBIA Surety Bond also funded the Debt Service Reserve Account in the Debt Service Fund established under the General Resolution Projects Resolution. See "Security for the General Resolution Projects Taxable 2012A Series Senior Bonds – *Debt Service Reserve Account*" below. As a result of the downgrade by Moody's Investors Service ("Moody's") of the insurance financial strength rating of MBIA, MEAG Power was required to replace the MBIA Surety Bond. On September 25, 2008, MEAG Power borrowed approximately \$168,350,000 pursuant to the DSRA Credit Agreements (as defined in the Annual Information Statement) in order to fund, in part, the amount required to replace the MBIA Surety Bond. The balance of the funds required to replace the MBIA Surety Bond was provided from a portion of the proceeds of the Project One Subordinated Bonds, Series 2008D (the "Project One Series 2008D Bonds") and General Resolution Projects Subordinated Bonds, Series 2008C (the "General Resolution Projects Series 2008C Bonds," and, together with the Project One Series 2008D Bonds, the "Series 2008D&C Subordinated Bonds") issued by MEAG Power in November 2008.

Rate Covenant. MEAG Power has covenanted in the Project One Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of Project One as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on Project One Senior Bonds and Project One Subordinated Bonds, amounts required for reserves under the Project One Resolution, and all other charges or liens payable from such revenues.

Nature of Obligation. The Project One Senior Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than MEAG Power. The issuance of Project One Senior Bonds does not obligate the State of Georgia or any political

subdivision thereof to levy or pledge any form of taxation for the payment thereof. No person has the right to enforce payment of any Project One Senior Bond against any property of the State of Georgia or of any political subdivision thereof, other than MEAG Power, nor does any Project One Senior Bond constitute a charge, lien or encumbrance upon any such property. However, in the Project One Resolution, MEAG Power has covenanted to enforce the obligation of any Participant to pay the amounts required by its Project One Power Sales Contract, which is an obligation of the Participant to the payment of which its full faith and credit are pledged.

Additional Project One Senior Bonds. The issuance of any series of Project One Senior Bonds is conditioned upon the deposit of an amount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project One Resolution such that, giving effect to the issuance of such series of Project One Senior Bonds, the balance in such Account equals the Debt Service Reserve Requirement therefor. The Project One Resolution also provides that an irrevocable and unconditional policy of insurance or surety bond meeting certain requirements set forth in the Project One Resolution may be deposited in the Debt Service Reserve Account to satisfy the Debt Service Reserve Requirement. See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Debt Service Reserve Accounts – Deposit of Financial Guaranty” in Appendix F to the Annual Information Statement.

Upon the issuance of the Project One Taxable Series Four Senior Bonds, a portion of the proceeds of such Bonds will be deposited to the credit of the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Project One Resolution so that the amount on deposit in such account will be equal to the Debt Service Requirement therefor.

Proposed Amendments to the Project One Resolution. *On December 16, 2011, MEAG Power adopted the Project One Amending Resolutions for the purpose of making certain amendments to the Project One Resolution. For a description of the amendments to be made to certain of the forgoing provisions and the conditions to the effectiveness of such amendments, see “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” herein. A summary of certain provisions of the Project One Resolution, as the same will be amended by the Project One Amending Resolutions, is attached hereto as APPENDIX C. Except as described in “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” herein, at such time(s) as such amendments become effective, they will apply to all Project One Senior Bonds then outstanding, including the Project One Taxable Series Four Senior Bonds.*

Security for the General Resolution Projects Taxable 2012A Series Senior Bonds

Pledge. The General Resolution Projects Taxable 2012A Series Senior Bonds, together with all other series of General Resolution Projects Senior Bonds, will be payable from and secured by a pledge of the revenues of MEAG Power attributable to the General Resolution Projects after payment of operating expenses relating thereto, as well as by a pledge of the Construction Fund, the Debt Service Fund and all other funds established by the General Resolution Projects Resolution. The General Resolution Projects Resolution permits the issuance of additional General Resolution Projects Senior Bonds for certain purposes relating to Projects Two, Three and Four and, upon satisfaction of the conditions described under “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Additional Senior Bonds – *The General Resolution Projects Resolution*” in Appendix F to the Annual Information Statement, to finance additional projects.

Power Sales Contracts. Under the separate Power Sales Contracts for Project Two, Project Three and Project Four with each Initial Participant, and under the separate Power Sales Contracts for Project Two and Project Three with Oxford, MEAG Power has agreed to provide to such Participant, and such

Participant has agreed to take from MEAG Power, such output and services from the applicable Project and related reserve, emergency and interchange service as may be available for the useful life thereof. Such Participants are required to make payments therefor according to rates and charges established by MEAG Power to produce revenues sufficient to pay MEAG Power's costs attributable to the applicable Project, including scheduled debt service on General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds issued to finance such Project. In general, the Power Sales Contracts for each Existing General Resolution Project provide that if, at any time, (i) such Project is declared by MEAG Power to be totally and permanently retired from service or (ii) such Project is totally, but not permanently, out of service and MEAG Power is unable to provide service from alternate sources, then each such Participant will remain liable to pay a fixed percentage, referred to as an "Obligation Share," of MEAG Power's costs attributable to such Project. In case of a default by such a Participant under its Power Sales Contract relating to any Existing General Resolution Project, such Participant would remain liable to pay the greater of its Obligation Share of MEAG Power's costs attributable to such Project or the amount determined to be due under the rates and charges established by MEAG Power. A Participant's Obligation Share with respect to either Project Two or Project Three would be fixed by MEAG Power under a formula based generally upon such Participant's historical demand in excess of capacity delivered by MEAG Power from Project One relative to such historical demands for all Participants. An Initial Participant's Obligation Share with respect to Project Four is a percentage specified in its Project Four Power Sales Contract. If at any time an Existing General Resolution Project is totally and permanently retired from service, or is totally out of service but not permanently retired and MEAG Power is unable to provide service from alternate sources, the sum of all Participants' Obligation Shares for such Project is required to equal 100 percent. As more fully discussed under "INTRODUCTORY STATEMENT – The Participants" herein, each of the Initial Participants has agreed to provide a portion of its Project Four Obligation Share to Oxford, but each Initial Participant remains obligated for the payment of all costs associated with the portion of its Obligation Share so provided. The Project Four power sales contract between MEAG Power and Oxford is substantially identical to the Project Four Power Sales Contracts between MEAG Power and the Initial Participants.

Payments under the Existing General Resolution Projects Power Sales Contracts are not subject to reduction whether by offset or otherwise and are not conditional upon the performance or nonperformance by any party of any agreement for any cause whatever. Payments made for power and energy from the Existing General Resolution Projects sold to others, including GPC, are credited to the accounts of the Participants. As a result of the Term Extension Amendments, each power sales contract for the Existing General Resolution Projects will continue in full force and effect until June 1, 2054. See "INTRODUCTORY STATEMENT – The Participants" herein for a discussion of the allocation among the Participants of the output and services and the costs of Project Two, Project Three and Project Four during the term extension period under the Term Extension Amendments.

In the separate court proceedings relating to validation of the General Resolution Project Senior Bonds authorized to finance each of the Existing General Resolution Projects, the Superior Court of Fulton County, Georgia ruled that each of the Initial Participant's payment obligations under its Existing General Resolution Projects Power Sales Contracts are general obligations to the payment of which its full faith and credit is pledged, that all terms and provisions thereof are valid and binding upon the Initial Participants and that the Existing General Resolution Projects Power Sales Contracts are enforceable. The Power Sales Contracts relating to each Existing General Resolution Project provide that, so long as electric power and energy are actually received by a Participant from any facility of such Project, payments are required to be made as a cost of purchased power and energy of the Participant's electric system and as an expense of operation and maintenance thereof. Each Participant has covenanted to maintain and collect rates to provide revenues sufficient, together with available electric system reserves, to make such payments. If payments required for any such Project are not made from revenues of the electric system of the Participant or from other funds thereof, the Participant is required under its applicable power sales contract to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make the required payments. If any such provision or appropriation is not

made for a fiscal year, then the chief fiscal officer of the Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of the Participant the amounts required to pay its obligation under its applicable power sales contract, and such appropriation will have the same legal status as if the Participant had included the amount of the appropriation in its general revenue or appropriation measure. MEAG Power's remedies under each Existing General Resolution Projects power sales contract include specific performance to compel the Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

Debt Service Reserve Account. The General Resolution Projects Resolution establishes a Debt Service Reserve Account in the Debt Service Fund and requires that such Account be funded in an amount equal to the Debt Service Reserve Requirement, which is defined to mean, as of any date of calculation, an amount equal to the greatest amount of the Aggregate Debt Service (as defined in "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Definitions – *The Project One Resolution*" in Appendix F to the Annual Information Statement) on the General Resolution Projects Senior Bonds for the current or any future calendar year. The General Resolution Projects Resolution provides that, in lieu of depositing monies in the Debt Service Reserve Account, or in substitution for monies previously deposited in the Debt Service Reserve Account, MEAG Power may provide the Trustee with a Financial Guaranty (as such term is defined in the General Resolution Projects Resolution) for deposit into the Debt Service Reserve Account. See "SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Debt Service Reserve Accounts – Deposit of Financial Guaranty" in Appendix F to the Annual Information Statement. The Debt Service Reserve Account was funded with the MBIA Surety Bond. The MBIA Surety Bond also funded the Debt Service Reserve Account in the Debt Service Fund established under the Project One Resolution. See "Security for the Project One Taxable Series Four Senior Bonds – *Debt Service Reserve Account*" above. As a result of Moody's downgrade of the insurance financial strength rating of MBIA, MEAG Power was required to replace the MBIA Surety Bond. On September 25, 2008, MEAG Power borrowed approximately \$168,350,000 pursuant to the DSRA Credit Agreements in order to fund, in part, the amount required to replace the MBIA Surety Bond. The balance of the funds required to replace the MBIA Surety Bond was provided from a portion of the proceeds of the Series 2008D&C Subordinated Bonds issued by MEAG Power in November 2008.

Rate Covenant. MEAG Power has covenanted in the General Resolution Projects Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of all General Resolution Projects as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on all General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds, amounts required for reserves under the General Resolution Projects Resolution, and all other charges or liens payable from such revenues.

Nature of Obligation. The General Resolution Projects Senior Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than MEAG Power. The issuance of General Resolution Projects Senior Bonds does not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation for the payment thereof. No person has the right to enforce payment of any General Resolution Projects Senior Bond against any property of the State of Georgia or of any political subdivision thereof, other than MEAG Power, nor does any General Resolution Projects Senior Bond constitute a charge, lien or encumbrance upon any such property. However, in the General Resolution Projects Resolution, MEAG Power has covenanted to enforce the obligation of any Participant to pay the amounts required under any Power Sales Contract the revenues of which are pledged under the General Resolution Projects Resolution, which is an obligation of the Participant to the payment of which its full faith and credit are pledged.

Additional General Resolution Projects Senior Bonds. The issuance of any series of General Resolution Projects Senior Bonds is conditioned upon the deposit of an amount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the General Resolution Projects Resolution such that, giving effect to the issuance of such series of General Resolution Projects Senior Bonds, the balance in such Account equals the Debt Service Reserve Requirement therefor. The General Resolution Projects Resolution also provides that an irrevocable and unconditional policy of insurance or surety bond meeting certain requirements set forth in the General Resolution Projects Resolution may be deposited in the Debt Service Reserve Account to satisfy the Debt Service Reserve Requirement. See “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION – Debt Service Reserve Accounts – Deposit of Financial Guaranty” in Appendix F to the Annual Information Statement.

Upon the issuance of the General Resolution Projects Taxable 2012A Series Senior Bonds, a portion of the proceeds of such Bonds will be deposited to the credit of the Debt Service Reserve Account in the Debt Service Fund established pursuant to the General Resolution Projects Resolution so that the amount on deposit in such account will be equal to the Debt Service Requirement therefor.

Proposed Amendments to the General Resolution Projects Resolution. *On December 16, 2011, MEAG Power adopted the General Resolution Projects Amending Resolutions for the purpose of making certain amendments to the General Resolution Projects Resolution. For a description of the amendments to be made to certain of the forgoing provisions and the conditions to the effectiveness of such amendments, see “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” herein. A summary of certain provisions of the General Resolution Projects Resolution, as the same will be amended by the General Resolution Projects Amending Resolutions, is attached hereto as APPENDIX C. Except as described in “PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION” herein, at such time(s) as such amendments become effective, they will apply to all General Resolution Projects Senior Bonds then outstanding, including the General Resolution Projects Taxable 2012A Series Senior Bonds.*

Security for the Project One Taxable Series 2012A Subordinated Bonds

Pledge. The Project One Taxable Series 2012A Subordinated Bonds, together with all other series of Project One Subordinated Bonds, are direct and general obligations of MEAG Power subject, however, to the prior pledge of any revenues or funds of MEAG Power to holders of the Project One Senior Bonds or other evidences of indebtedness. The Project One Subordinated Bonds are payable from available funds of MEAG Power, including the proceeds of the Project One Taxable Series 2012A Subordinated Bonds, proceeds of additional Project One Subordinated Bonds and other indebtedness and revenues from Project One after payment of operating expenses and debt service on Project One Senior Bonds, but prior to the payment of amounts required to be deposited in the Reserve and Contingency Fund established pursuant to the Project One Resolution. Pursuant to the Project One Resolution, the Subordinated Bond Fund established thereunder, including the investments, if any, thereof, is pledged and assigned for the payment of the principal of and premium, if any, and interest on the Project One Subordinated Bonds, *provided* that any debt service reserve established therein in respect of any series of Project One Subordinated Bonds will secure only such Project One Subordinated Bonds. No such reserve will be established with respect to the Project One Taxable Series 2012A Subordinated Bonds. Such pledge and assignment is subordinate in all respects to the pledge under the Project One Resolution of all funds thereunder as security for the Project One Senior Bonds. Except as described in the next paragraph, MEAG Power has agreed that it will not create or permit to exist any lien on any proceeds of Project One Senior Bonds to secure any bonds, notes or other evidences of indebtedness, other than Project One Senior Bonds, unless the Project One Subordinated Bonds are secured by such proceeds on a parity with or superior to such lien.

Under the Project One Subordinated Resolution, MEAG Power may create or permit to exist a lien on proceeds of Project One Senior Bonds to secure indebtedness owing to one or more banks which is not evidenced by Project One Subordinated Bonds and the aggregate principal amount of which does not at any time exceed \$150,000,000.

As of the date of this Official Statement, the indebtedness outstanding under the Project One Revolving Credit Agreement is \$13,628,409. A portion of the proceeds of the Project One Taxable Series 2012A Subordinated Bonds will be applied to repay approximately \$6,334,000 of such indebtedness. Any indebtedness outstanding from time to time under the Project One Revolving Credit Agreement is secured by a pledge of proceeds of any Project One Senior Bonds issued from and after the earlier of any default under the Project One Revolving Credit Agreement or the date 90 days prior to the termination date until such notes are repaid in full. Total borrowings under the Project One Revolving Credit Agreement, the General Resolution Projects Revolving Credit Agreement and the CC Project Revolving Credit Agreement (as defined in the Annual Information Statement) may not exceed \$100,000,000 at any one time. See “Security for the General Resolution Projects Taxable Series 2012A Subordinated Bonds” below. Following an event of default under the Project One Revolving Credit Agreement, the banks have the right, subject to certain conditions, to exchange notes held thereunder for Project One Senior Bonds. See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – *Revolving Credit Agreements*” in the Annual Information Statement.

Power Sales Contracts. Under the separate Project One Power Sales Contract with each Initial Participant, MEAG Power has agreed to provide to such Participant, and such Participant has agreed to take from MEAG Power, output and services from Project One and related reserve, emergency and interchange service as may be available for the useful life thereof. Each Project One Power Sales Contract provides that a specified percentage of the net power and energy produced by Project One is to be delivered to the Initial Participant and that such Participant is to pay a corresponding percentage of MEAG Power’s costs (including scheduled debt service, unless paid or provided for from the proceeds of Project One Senior Bonds or Project One Subordinated Bonds) resulting from the ownership, operation and maintenance of, and renewals and replacements to, Project One. Such payments are required to be made by the Initial Participant whether or not Project One or any part thereof is operating or operable or its output is suspended, interrupted, interfered with, reduced, curtailed or terminated in whole or in part. Such payments are not subject to reduction whether by offset or otherwise and are not conditional upon the performance or nonperformance by any party of any agreement for any cause whatever. Payments made for power and energy from Project One sold to others, including GPC, are credited to the accounts of the Initial Participants. As a result of the Term Extension Amendments, each power sales contract for Project One will continue in full force and effect until June 1, 2054. As more fully discussed under “INTRODUCTORY STATEMENT – The Participants” herein, (a) each of the Initial Participants has agreed to provide a portion of its Project One Entitlement Share to Oxford and (b) Sylvania has agreed to provide a portion of its Project One Entitlement Share to Acworth, but each Initial Participant remains obligated for the payment of all costs associated with the portion(s) of its Entitlement Share so provided. The Project One power sales contracts between MEAG Power and Oxford and Acworth are substantially identical to the Project One Power Sales Contracts between MEAG Power and the Initial Participants.

In the court proceedings relating to the initial validation of the Project One Senior Bonds, the Georgia Supreme Court affirmed the lower court’s decision that each of the Initial Participant’s payment obligations under its Project One Power Sales Contract are general obligations to the payment of which its full faith and credit are pledged, that all terms and provisions of the Project One Power Sales Contracts are valid and binding upon the Initial Participants and that the Project One Power Sales Contracts are enforceable. So long as electric power and energy are actually received by a Participant from any facility of Project One, payments are required to be made as a cost of power and energy of the Participant’s electric system and as an expense of operation and maintenance thereof. Each Participant has covenanted to maintain and collect rates to provide revenues sufficient, together with available electric system reserves, to make such payments. If payment is not made from the revenues of the electric system of the

Participant or from other funds thereof, the Participant is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make the payments required under its Project One power sales contract. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of the Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of the Participant the amounts required to pay its obligations under its Project One power sales contract, and such appropriation will have the same legal status as if the Participant had included the amount of the appropriation in its general revenue or appropriation measure. MEAG Power's remedies under each Project One power sales contract include specific performance to compel the Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

Rate Covenant. MEAG Power has covenanted in the Project One Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of Project One as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on Project One Senior Bonds and Project One Subordinated Bonds, amounts required for reserves under the Project One Resolution, and all other charges or liens payable from such revenues.

Nature of Obligation. The Project One Subordinated Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than MEAG Power. The issuance of Project One Subordinated Bonds does not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation for the payment thereof. No person has the right to enforce payment of any Project One Subordinated Bond against any property of the State of Georgia or of any political subdivision thereof, other than MEAG Power, nor does any Project One Subordinated Bond constitute a charge, lien or encumbrance upon any such property. However, in the Project One Resolution, MEAG Power has covenanted to enforce the obligation of any Participant to pay the amounts required by its Project One power sales contract, which is an obligation of the Participant to the payment of which its full faith and credit are pledged.

Security for the General Resolution Projects Taxable Series 2012A Subordinated Bonds

Pledge. The General Resolution Projects Taxable Series 2012A Subordinated Bonds, together with all other series of General Resolution Projects Subordinated Bonds, are direct and general obligations of MEAG Power subject, however, to the prior pledge of any revenues or funds of MEAG Power to holders of the General Resolution Projects Senior Bonds or other evidences of indebtedness. The General Resolution Projects Subordinated Bonds are payable from available funds of MEAG Power, including the proceeds of the General Resolution Projects Taxable Series 2012A Subordinated Bonds, proceeds of additional General Resolution Projects Subordinated Bonds and other indebtedness and revenues from Existing General Resolution Projects after payment of operating expenses and debt service on General Resolution Projects Senior Bonds, but prior to the payment of amounts required to be deposited in the Reserve and Contingency Fund established pursuant to the General Resolution Projects Resolution. Pursuant to the General Resolution Projects Resolution, the Subordinated Bond Fund established thereunder, including the investments, if any, thereof, is pledged and assigned for the payment of the principal of and premium, if any, and interest on the General Resolution Projects Subordinated Bonds, provided that any debt service reserve established therein in respect of any series of General Resolution Projects Subordinated Bonds will secure only such General Resolution Projects Subordinated Bonds. No such reserve will be established with respect to the General Resolution Projects Taxable Series 2012A Subordinated Bonds. Such pledge and assignment is subordinate in all respects to the pledge under the General Resolution Projects Resolution of all funds thereunder as security for the General Resolution Projects Senior Bonds.

Under the General Resolution Projects Subordinated Resolution, MEAG Power may create or permit to exist a lien on proceeds of General Resolution Projects Senior Bonds to secure indebtedness owing to one or more banks which is not evidenced by General Resolution Projects Subordinated Bonds.

As of the date of this Official Statement, the indebtedness outstanding under the General Resolution Projects Revolving Credit Agreement is \$15,781,000. A portion of the proceeds of the General Resolution Projects Taxable Series 2012A Subordinated Bonds will be applied to repay such indebtedness in its entirety. Any indebtedness outstanding from time to time under the General Resolution Projects Revolving Credit Agreement is secured by a pledge of proceeds of any General Resolution Projects Senior Bonds issued from and after the earlier of any default under the General Resolution Projects Revolving Credit Agreement or the date 90 days prior to the termination date until such notes are repaid in full. Total borrowings under the General Resolution Projects Revolving Credit Agreement, the Project One Revolving Credit Agreement and the CC Project Revolving Credit Agreement may not exceed \$100,000,000 at any one time. See “Security for the Project One Taxable Series 2012A Subordinated Bonds” above. Following an event of default under the General Resolution Projects Revolving Credit Agreement, the banks have the right, subject to certain conditions, to exchange notes held thereunder for General Resolution Projects Senior Bonds. See “CAPITAL IMPROVEMENTS AND FINANCING PROGRAM – Financing Program – *Revolving Credit Agreements*” in the Annual Information Statement.

Power Sales Contracts. Under the separate Power Sales Contracts for Project Two, Project Three and Project Four with each Initial Participant, and under the separate Power Sales Contracts for Project Two and Project Three with Oxford, MEAG Power has agreed to provide to such Participant, and such Participant has agreed to take from MEAG Power, such output and services from the applicable Project and related reserve, emergency and interchange service as may be available for the useful life thereof. Such Participants are required to make payments therefor according to rates and charges established by MEAG Power to produce revenues sufficient to pay MEAG Power’s costs attributable to the applicable Project, including scheduled debt service on General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds issued to finance such Project. In general, the Power Sales Contracts for each Existing General Resolution Project provide that if, at any time, (i) such Project is declared by MEAG Power to be totally and permanently retired from service or (ii) such Project is totally, but not permanently, out of service and MEAG Power is unable to provide service from alternate sources, then each such Participant will remain liable to pay a fixed percentage, referred to as an “Obligation Share,” of MEAG Power’s costs attributable to such Project. In case of a default by such a Participant under its Power Sales Contract relating to any Existing General Resolution Project, such Participant would remain liable to pay the greater of its Obligation Share of MEAG Power’s costs attributable to such Project or the amount determined to be due under the rates and charges established by MEAG Power. A Participant’s Obligation Share with respect to either Project Two or Project Three would be fixed by MEAG Power under a formula based generally upon such Participant’s historical demand in excess of capacity delivered by MEAG Power from Project One relative to such historical demands for all Participants. An Initial Participant’s Obligation Share with respect to Project Four is a percentage specified in its Project Four Power Sales Contract. If at any time an Existing General Resolution Project is totally and permanently retired from service, or is totally out of service but not permanently retired and MEAG Power is unable to provide service from alternate sources, the sum of all Participants’ Obligation Shares for such Project is required to equal 100 percent. As more fully discussed under “INTRODUCTORY STATEMENT – The Participants” herein, each of the Initial Participants has agreed to provide a portion of its Project Four Obligation Share to Oxford, but each Initial Participant remains obligated for the payment of all costs associated with the portion of its Obligation Share so provided. The Project Four power sales contract between MEAG Power and Oxford is substantially identical to the Project Four Power Sales Contracts between MEAG Power and the Initial Participants.

Payments under the Existing General Resolution Projects Power Sales Contracts are not subject to reduction whether by offset or otherwise and are not conditional upon the performance or

nonperformance by any party of any agreement for any cause whatever. Payments made for power and energy from the Existing General Resolution Projects sold to others, including GPC, are credited to the accounts of the Participants. As a result of the Term Extension Amendments, each power sales contract for the Existing General Resolution Projects will continue in full force and effect until June 1, 2054. See “INTRODUCTORY STATEMENT – The Participants” herein for a discussion of the Participants’ Obligation Shares for Project Two, Project Three and Project Four during the term extension period under the Term Extension Amendments.

In the separate court proceedings relating to validation of the General Resolution Project Senior Bonds authorized to finance each of the Existing General Resolution Projects, the Superior Court of Fulton County, Georgia ruled that each of the Initial Participant’s payment obligations under its Existing General Resolution Projects Power Sales Contracts are general obligations to the payment of which its full faith and credit is pledged, that all terms and provisions thereof are valid and binding upon the Initial Participants and that the Existing General Resolution Projects Power Sales Contracts are enforceable. The Power Sales Contracts relating to each Existing General Resolution Project provide that, so long as electric power and energy are actually received by a Participant from any facility of such Project, payments are required to be made as a cost of purchased power and energy of the Participant’s electric system and as an expense of operation and maintenance thereof. Each Participant has covenanted to maintain and collect rates to provide revenues sufficient, together with available electric system reserves, to make such payments. If payments required for any such Project are not made from revenues of the electric system of the Participant or from other funds thereof, the Participant is required under its applicable power sales contract to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make the required payments. If any such provision or appropriation is not made for a fiscal year, then the chief fiscal officer of the Participant is required, in accordance with the provisions of the Act, to set up as an appropriation on the accounts of the Participant the amounts required to pay its obligation under its applicable power sales contract, and such appropriation will have the same legal status as if the Participant had included the amount of the appropriation in its general revenue or appropriation measure. MEAG Power’s remedies under each Existing General Resolution Projects power sales contract include specific performance to compel the Participant to assess and collect an annual ad valorem tax sufficient to meet its obligations thereunder.

Rate Covenant. MEAG Power has covenanted in the General Resolution Projects Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of all General Resolution Projects as required to provide revenues at least sufficient in each calendar year, together with other available funds, for the payment during such calendar year of operating expenses, scheduled debt service on all General Resolution Projects Senior Bonds and General Resolution Projects Subordinated Bonds, amounts required for reserves under the General Resolution Projects Resolution, and all other charges or liens payable from such revenues.

Nature of Obligation. The General Resolution Projects Subordinated Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than MEAG Power. The issuance of General Resolution Projects Subordinated Bonds does not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation for the payment thereof. No person has the right to enforce payment of any General Resolution Projects Subordinated Bond against any property of the State of Georgia or of any political subdivision thereof, other than MEAG Power, nor does any General Resolution Projects Subordinated Bond constitute a charge, lien or encumbrance upon any such property. However, in the General Resolution Projects Resolution, MEAG Power has covenanted to enforce the obligation of any Participant to pay the amounts required by its Existing General Resolution Projects power sales contract, which is an obligation of the Participant to the payment of which its full faith and credit are pledged.

Certain Principal Amounts of the 2012 Subordinated Bonds to Constitute “Refundable Principal Installments”

In accordance with the provisions of each of the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution, respectively, all of the Project One Taxable Series 2012A Subordinated Bonds and \$72,655,000 in principal amount of the General Resolution Projects Taxable Series 2012A Subordinated Bonds, each coming due on January 1, 2022, initially will constitute “Refundable Principal Installments,” as such term is defined in the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution, respectively (see “SUMMARY OF PROJECT ONE SUBORDINATED RESOLUTION AND GENERAL RESOLUTION PROJECTS SUBORDINATED RESOLUTION – Definitions” in Appendix G to the Annual Information Statement). As Refundable Principal Installments, it is the intention of MEAG Power that such principal amounts will be paid from moneys which are not Revenues (as defined in the Project One Resolution and the General Resolution Projects Resolution, respectively). However, these principal amounts will be due and payable by MEAG Power on January 1, 2022.

As Refundable Principal Installments under the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as applicable, there will be no scheduled amortization of these principal amounts. Each of the Project One Subordinated Resolution and the General Resolution Projects Subordinated Resolution, respectively, provides that, for purposes of calculation of the Adjusted Aggregate Debt Service for any period, if any Refundable Principal Installment for any Project One Subordinated Bonds (other than a commercial paper note) or General Resolution Projects Subordinated Bonds (other than a commercial paper note), as the case may be, is included in Aggregate Debt Service on Project One Subordinated Bonds or General Resolution Projects Subordinated Bonds, as applicable, for such period, Adjusted Aggregate Debt Service will be calculated on the assumption that such Refundable Principal Installment will be paid with proceeds of a series of Project One Senior Bonds or a series of General Resolution Projects Senior Bonds, respectively, having level debt service based on interest rates estimated by MEAG Power and Principal Installments (as such term is defined in each subordinated resolution) extending from the actual due date of the Refundable Principal Installment through the later of ten years thereafter or the 25th anniversary of the issuance of such Project One Subordinated Bonds or such General Resolution Projects Subordinated Bonds, as applicable. See “SUMMARY OF PROJECT ONE SUBORDINATED RESOLUTION AND GENERAL RESOLUTION PROJECTS SUBORDINATED RESOLUTION – Definitions – *Adjusted Aggregate Debt Service*” in Appendix G to the Annual Information Statement.

Redemption of the Bonds

Optional Redemption

The Bonds of each Series will be subject to redemption prior to maturity at the election of MEAG Power as a whole or in part (by *pro rata* pass-through distribution of principal in accordance with DTC procedures, or if DTC procedures do not allow for *pro rata* pass-through distribution of principal, by lot as described further under “*Selection of Bonds to be Redeemed*” below) at any time, at a redemption price equal to the greater of (i) 100 percent of the principal amount thereof or (ii) the Discounted Value thereof, together, in either case, with accrued interest to the redemption date. MEAG Power may select amounts of the Bonds of each Series and of any maturity or maturities thereof for optional redemption at its sole discretion. All calculations and determinations referred to in this section, except as provided in the preceding sentence, will be made by a financial advisor selected by MEAG Power.

“Discounted Value” means, with respect to the Bonds of each Series and of each maturity thereof to be redeemed, the sum of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) on such Bonds from their respective scheduled payment dates to the applicable redemption date, at a yield (computed on a

semiannual basis, assuming a 360-day year consisting of twelve 30-day months) equal to the applicable Discount Yield.

“Discount Yield” means, with respect to the Bonds of each Series and of each maturity thereof to be redeemed on a particular date, the Blended Treasury Yield determined with respect to the Bonds of such Series and maturity to be redeemed, plus, in the case of the 2012 Senior Bonds, 0.30 percent per annum and, in the case of the 2012 Subordinated Bonds, 0.35 percent per annum. The Discount Yield will be calculated assuming semiannual compounding based upon a 360-day year consisting of twelve 30-day months.

“Blended Treasury Yield” means, with respect to the Bonds of a particular Series and of each maturity thereof, the yield computed by the linear interpolation of two Market Treasury Yields such that the theoretical maturity that corresponds to the interpolated Market Treasury Yield equals the date that corresponds to the remaining average life of the Bonds of the Series and maturity to be redeemed. The first Market Treasury Yield shall be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no later than the date corresponding to the remaining average life of the Bonds of the Series and maturity to be redeemed; the second Market Treasury Yield shall be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no earlier than the date corresponding to the remaining average life of the Bonds of the Series and maturity to be redeemed.

“Market Treasury Yield” means that yield, assuming semiannual compounding based upon a 360-day year consisting of twelve 30-day months, which is equal to:

(i) the yield for the applicable maturity of an actively traded U.S. Treasury security, reported, as of 11:00 a.m., New York City time, on the Valuation Date on the display designated as “Page PX1” of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in U.S. Treasury securities); or

(ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date; or

(iii) if the yields described in (i) and (ii) above are not reported as of such time or the yields reported as of such time are not ascertainable, the yield for the applicable maturity of an actively traded U.S. Treasury security shall be based upon the average of yield quotations for such security (after excluding the highest and lowest quotations) as of 3:30 p.m., New York City time, on the Valuation Date received from no less than five primary dealers in U.S. government securities selected by MEAG Power.

Each yield quotation for each actively traded U.S. Treasury security required in (i) and (iii) above shall be determined using the average of the bid and ask prices for that security.

“Valuation Date” means the third business day preceding the redemption date.

Selection of Bonds to be Redeemed

Except as otherwise provided with respect to Bonds held in book-entry only form, if less than all of the outstanding Bonds of a particular Series and maturity are to be redeemed, the Trustee will select the Bonds of such Series and maturity to be redeemed, from the outstanding Bonds of such Series and

maturity not previously called for redemption, on a *pro rata* pass-through distribution of principal basis, provided that, so long as the Bonds of such Series are held in book-entry only form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a *pro rata* pass-through distribution of principal basis, the Bonds of such Series and maturity will be selected for redemption, in accordance with DTC procedures, by lot. The portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or any integral multiple thereof.

If the Bonds of a particular Series are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Bonds, partial redemptions will be done in accordance with DTC procedures. It is MEAG Power's intent that redemption allocations made by DTC and Direct Participants and Indirect Participants (as defined in APPENDIX A hereto) and such other intermediaries that may exist between MEAG Power and the Beneficial Owners be made in accordance with these same *pro rata* pass-through distribution of principal provisions. MEAG Power can provide no assurance that DTC, the Direct Participants and Indirect Participants or any other intermediary will allocate redemptions of the Bonds among Beneficial Owners on such a *pro rata* pass-through

Notice of Redemption

Notice of redemption will be given by the Trustee by first-class mail, postage prepaid, not fewer than 25 days before the redemption date, to the holders of the Bonds (or portions thereof) of the Series and maturity which are to be redeemed, at their last addresses, if any, appearing upon the registry books.

Notice having been given in the manner provided in the Project One Resolution, the General Resolution Projects Resolution, the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as the case may be, the Bonds (or portions thereof) of the Series and maturity so called for redemption will become due and payable on such redemption date at the applicable redemption price, plus interest accrued and unpaid to the redemption date. Notwithstanding the foregoing, upon the effectiveness of the amendments to the Project One Resolution and the General Resolution Projects Resolution set forth in the Amendatory Supplemental Resolutions, MEAG Power will have the right to revoke any notice of redemption given at the election or direction of MEAG Power with respect to the Project One Taxable Series Four Senior Bonds and the General Resolution Projects Taxable 2012A Series Senior Bonds. See "PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION AND THE GENERAL RESOLUTION PROJECTS RESOLUTION – Amendatory Supplemental Resolutions" herein. ***As a result, following the effectiveness of the amendments contained in the Amendatory Supplemental Resolutions, notice having been given in the manner provided in the Project One Resolution or the General Resolution Projects Resolution, as applicable, on the redemption date so designated, (a) unless such notice has been revoked or ceases to be in effect in accordance with the terms thereof and (b) if there are sufficient moneys available therefor, the Project One Taxable Series Four Senior Bonds or the General Resolution Projects Taxable 2012A Series Senior Bonds (or portions thereof), as applicable, so called for redemption will become due and payable on such redemption date at the applicable redemption price, plus interest accrued and unpaid to the redemption date.***

For so long as a book-entry only system of registration is in effect with respect to the Bonds, notices of redemption will be mailed to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants, any failure of Direct Participants to convey such notice to any Indirect Participants or any failure of Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of Bonds. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

**PROPOSED AMENDMENTS TO THE PROJECT ONE RESOLUTION
AND THE GENERAL RESOLUTION PROJECTS RESOLUTION**

General

On December 16, 2011, MEAG Power adopted the Amending Resolutions for the purpose of making certain amendments to the Project One Resolution and the General Resolution Projects Resolution, respectively. The Project One Resolution and the General Resolution Projects Resolution are referred herein collectively to as the “Resolutions,” and the Project One Senior Bonds and the General Resolution Project Senior Bonds are referred to herein collectively as the “Senior Bonds.”

For a summary of certain provisions of the Resolutions, as the same will be amended by the Amending Resolutions, see “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION, AS AMENDED BY AMENDING RESOLUTIONS” attached as APPENDIX C hereto.

Amended and Restated Resolutions

Description of Proposed Amendments

The Amended and Restated Resolutions contain amendments to certain provisions of the applicable Resolution that will become effective upon the earlier to occur of (a) the date on which all Senior Bonds Outstanding under (and as defined in) the applicable Resolution at December 16, 2011 (the date of adoption of the Amended and Restated Resolutions) cease to be Outstanding thereunder and (b) the filing with the Trustee of written consents thereto of the Holders (as defined in the Resolutions) of at least two-thirds in principal amount of such Senior Bonds then Outstanding, as described below. The latest maturity date of any Project One Senior Bond currently Outstanding is January 1, 2026, and the latest maturity date of any General Resolution Projects Senior Bond currently Outstanding is January 1, 2025.

Except as described below, upon their effectiveness, such amendments will apply to all Senior Bonds then Outstanding under the applicable Resolution, including any Outstanding Project One Taxable Series Four Senior Bonds or General Resolution Projects Taxable 2012A Senior Bonds, as applicable, and will be binding upon the Holders thereof. The date on which such amendments become effective under a particular Resolution is referred to herein as the “Effective Date.”

Set forth below is a description of the proposed amendments to the Resolutions contained in the Amended and Restated Resolutions. Although the description below refers to only one Resolution, it is equally applicable to the proposed amendments to both Resolutions, which are substantially the same.

**Amendments Relating
to Debt Service
Structure**

- Remove requirement that each Series of additional Senior Bonds meet certain level or declining debt service requirements; following removal of such requirements, MEAG Power will still have to comply with debt service structure requirements approved in the bond validation proceedings for the applicable Senior Bonds
- Remove requirement that issuance of Refunding Bonds result in gross debt service savings each year (which removal will allow MEAG Power more flexibility in structuring savings)
- Remove requirements that:
 - all Senior Bonds mature, and all sinking fund installments be due, on January 1

- all interest on Senior Bonds be payable (or, in the case of Capital Appreciation Bonds, compounded) on January 1 and July 1
- all Senior Bonds of a particular Series that mature on the same date bear interest at the same rate (which removal will allow for “split coupons” within a maturity)
- Permit issuance of Senior Bonds with one or more of the following new debt service provisions (the “New Debt Service Provisions”):
 - Senior Bonds that have “Refundable Principal Installments” (commonly referred to as “bullet bonds”), that is, principal installments that are not expected to be paid from Revenues and for which accruals of amounts with respect to maturing principal are not required to be deposited in the Debt Service Account
 - Senior Bonds that are “Option Bonds”, that is, bonds (a) that may be tendered by and at the option of the Holder for payment by MEAG Power prior to stated maturity or (b) the maturity of which may be extended by and at the option of the Holder
 - Senior Bonds that bear interest at a variable rate

Amendments Relating to Debt Service Reserve Account

- On a Series-by-Series basis, permit Senior Bonds issued after the Effective Date to be secured (a) by the common reserve in the Debt Service Reserve Account that now secures all Senior Bonds, which will be accounted for as the “Common Reserve,” or (b) by its own separate reserve in the Debt Service Reserve Account, which will be accounted for as its “Separate Reserve” and funded at a level to be determined at the time such Senior Bonds are issued, or (c) by no reserve at all. However, Senior Bonds issued with any of the New Debt Service Provisions referred to above under “Amendments Relating to Debt Service Structure” may not be secured by the Common Reserve until after all Senior Bonds Outstanding on December 16, 2011 are no longer Outstanding

Amendments Relating to Dispositions of Property

- Permit MEAG Power to sell, lease or otherwise dispose of properties of a Project if, in its judgment, such action is desirable in the conduct of its business and does not materially impair its ability to comply with the rate covenant contained in the Resolution (under existing provisions, such dispositions are permitted only if MEAG Power determines the properties are not useful in the operation of the Project and the Consulting Engineer, not MEAG Power, makes such certification as to the rate covenant)

Amendments Relating to Certain Reports and Certifications of Accountants and Consulting Engineer

- Remove requirement for annual independent certified public accountant’s certificate as to defaults under the Resolution
- Remove requirement for triennial Consulting Engineer’s report or survey regarding the management of a Project, the operation and maintenance of MEAG Power’s properties, the making of necessary and proper renewals and replacements thereof and the status of the annual budget and the construction budget
- Provide for an authorized officer of MEAG Power to make various certifications and determinations required by the Resolution, including determinations as to the need for major renewals and replacements, as to

whether to repair or replace damaged or destroyed properties and, in the case of any Additional Project under the General Resolution Projects Resolution, as to whether MEAG Power can beneficially utilize the output and services thereof to meet the long-term power and energy requirements of the Participants and that the cost of power and energy therefrom is reasonable in comparison to other sources which would reasonably be available to MEAG Power for furnishing power and energy to the Participants in the estimated year of commercial operation of such generating facility (under existing provisions, the Consulting Engineer must make such certifications and determinations)

- Remove requirement that MEAG Power at all times employ a Consulting Engineer

Amendments Relating to Investments

- Permit MEAG Power to invest funds held under the Resolution in any investment securities from time to time permitted by Georgia law for investment of MEAG Power's funds (under existing provisions, MEAG Power may invest only in investment securities specified in the Resolution)
- Permit MEAG Power to invest funds held in the Debt Service Reserve Account and the Reserve and Contingency Fund in investment securities without regard to the maturities thereof (existing provisions limit maturities of such investments to seven years)
- Provide for investment securities to be valued at the amortized cost thereof, exclusive of accrued interest (existing provisions require valuation at the lower of amortized cost or market value thereof, exclusive of accrued interest)
- Permit defeasance securities for any Series of Senior Bonds issued after the Effective Date to be as specified in the supplemental resolution for such Series rather than as now specified in the Resolution; this amendment will *not* apply to any Senior Bonds currently Outstanding or to the 2012 Senior Bonds offered hereby

Amendment Relating to Removal/Appointment of Trustee

- Permit MEAG Power, so long as no default is continuing under the Resolution, to remove the Trustee at any time, with or without cause, and appoint the successor Trustee (existing provisions provide for such removal and appointment at the direction of the Holders of a majority in principal amount of the Senior Bonds)

Amendment Relating to Crediting of Bonds Against Sinking Fund Installments

- Permit MEAG Power, if it purchases, redeems or defeases Senior Bonds for which sinking fund installments have been established other than with money deposited in the Debt Service Account for that purpose, to select the remaining sinking fund installments against which such Senior Bonds are to be credited (existing provisions require such Senior Bonds to be credited *pro rata* against the remaining sinking fund installments except the next due)

Other Amendments

- Permit MEAG Power, without the consent of the Trustee, to amend the Resolution to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision or clarify matters or questions arising under the Resolution in a manner not contrary to or inconsistent with the

Resolution (existing provisions allow any such amendment only with the consent of the Trustee)

- Increase the maximum amount MEAG Power may hold in a revolving fund in the Construction Fund from \$250,000 to \$10,000,000 for payment of costs of acquisition and construction; such amounts will continue to be subject to the pledge of the Resolution
- Remove requirement that MEAG Power file with the Trustee each year a certificate relating to the maintenance of the required insurance and stating whether any portion of a Project has been damaged or destroyed; this amendment will not affect the types or amounts of insurance MEAG Power must maintain under existing provisions
- Remove existing requirements that certain notices to the bondholders be published in authorized newspapers, including notices of the resignation of the Trustee and appointment of a successor Trustee and notices regarding amendments to the Resolution that require bondholder consent; instead of notices by publication, notices will be mailed to the registered owners

Effectiveness of Amendments Contained in the Amended and Restated Resolutions

The various amendments to the Project One Resolution and the General Resolution Projects Resolution contained in the Amended and Restated Resolutions, respectively, will become effective upon the satisfaction of the conditions to the effectiveness thereof contained in the Project One Resolution and the General Resolution Projects Resolution, respectively. Such conditions include: (1) either (A) all Project One Senior Bonds or General Resolution Projects Senior Bonds, as applicable, Outstanding under the applicable Resolution at December 16, 2011 (the date of adoption of the Amended and Restated Resolutions) shall cease to be Outstanding thereunder or (B) there shall have been filed with the Trustee the written consents of the Holders of at least two-thirds in principal amount of the Project One Senior Bonds or the General Resolution Projects Senior Bonds, as applicable, then Outstanding; (2) there shall have been filed with the Trustee an Opinion of Counsel to the effect that the applicable Amended and Restated Resolution has been duly and lawfully adopted by MEAG Power in accordance with the provisions of the Project One Resolution or the General Resolution Projects Resolution, as applicable, is authorized or permitted by such resolution, and is valid and binding upon MEAG Power and enforceable in accordance with its terms (which Opinion was filed with the Trustee on December 21, 2011); and (3) in the event that such amendments shall have become effective as a result of the filing with the Trustee of the written consents of the Holders of at least two-thirds in principal amount of Project One Senior Bonds or General Resolution Projects Senior Bonds, as applicable, as aforesaid, notice shall be given to the effect that Holders of the Project One Senior Bonds or the General Resolution Projects Senior Bonds, as applicable, have consented to the applicable amendments contained in the applicable Amended and Restated Resolution. Except as described in “*Description of Proposed Amendments*” above, at such time as such amendments become effective, they will apply to all Outstanding Project One Senior Bonds and all Outstanding General Resolution Projects Senior Bonds, as applicable, including the Project One Taxable Series Four Senior Bonds and the General Resolution Projects Taxable 2012A Series Senior Bonds, respectively. The latest maturity date of any Project One Senior Bond currently Outstanding is January 1, 2026, and the latest maturity date of any General Resolution Projects Senior Bond currently Outstanding is January 1, 2025.

As a condition to the purchase of the Bonds, the Purchaser, as the initial Holder of the 2012 Senior Bonds, will be required to consent to the amendments to the Project One Resolution contained in the Amended and Restated Project One Resolution and to the amendments to the General Resolution

Projects Resolution contained in the Amended and Restated General Resolution Projects Resolution immediately following the purchase by the Purchaser of the Bonds.

Upon the issuance of the Project One Taxable Series Four Senior Bonds and the General Resolution Projects Taxable 2012A Series Senior Bonds and the giving of such consents by the Purchaser, MEAG Power will have obtained the consent to such amendments of the Holders of \$115,540,000 in aggregate principal amount of the Project One Senior Bonds to be Outstanding and \$78,950,000 in aggregate principal amount of the General Resolution Projects Senior Bonds to be Outstanding, which amounts constitute approximately 18.9 percent in aggregate principal amount the Project One Senior Bonds to be Outstanding and approximately 24.5 percent in aggregate principal amount the General Resolution Projects Senior Bonds to be Outstanding. MEAG Power intends to obtain additional consents to the amendments to the Project One Resolution or the General Resolution Projects Resolution, as applicable, contained in the Amended and Restated Resolutions each time it issues additional Project One Senior Bonds and General Resolution Projects Senior Bonds. If such amendments are to become effective prior to the date on which all Project One Senior Bonds or General Resolution Projects Senior Bonds, as applicable, Outstanding under the applicable Resolution at December 16, 2011 (the date of adoption of the Amended and Restated Resolutions) shall cease to be Outstanding thereunder, the timing of the effectiveness of such amendments will be dependent upon the amount of additional Project One Senior Bonds and General Resolution Projects Senior Bonds that may be issued by MEAG Power in the future, the timing of such issuances and whether or not MEAG Power decides to seek consents to these amendments from the beneficial owners of the Project One Senior Bonds and the General Resolution Projects Senior Bonds currently Outstanding. MEAG Power currently does not intend to actively solicit the beneficial owners of such Senior Bonds currently Outstanding for their consent to the amendments set forth in the Amended and Restated Resolutions, although it may decide to do so in the future.

Revocation of Consents

The consents to be given by the Purchaser, as the initial Holder of the 2012 Senior Bonds, may be revoked by any subsequent Holder of such 2012 Senior Bonds in writing as provided in the Project One Resolution and the General Resolution Projects Resolution, as applicable, at any time prior to the Trustee filing with MEAG Power a statement that it has on file the consents of the required percentage of Holders of the Project One Senior Bonds under the Project One Resolution or the General Resolution Projects Senior Bonds under the General Resolution Projects Resolution, as applicable. On or prior to the issuance of the Bonds, additional CUSIP numbers will be assigned to the 2012 Senior Bonds of each Series and maturity, in order to facilitate the identification of any beneficial ownership interests in such 2012 Senior Bonds for which the consent to such amendments shall have been revoked.

Following the giving of such consents by the Purchaser, the 2012 Senior Bonds will be re-registered in the name of Cede & Co., as nominee of DTC, and beneficial ownership interests in such Bonds will be redelivered in book-entry only form through the facilities of DTC. Upon such re-registration, Cede & Co. will be the Holder of the 2012 Senior Bonds for all purposes of the Project One Resolution and the General Resolution Projects Resolution, as applicable. See APPENDIX A hereto for a discussion of DTC's Procedures regarding the exercise of bondholder rights with respect to securities held through DTC's book-entry system.

For so long as any Project One Taxable Series Four Senior Bonds or any General Resolution Projects Taxable 2012A Series Senior Bonds are held by DTC pursuant to the book-entry only system, any Beneficial Owner of such 2012 Senior Bonds wishing to exercise a revocation of consent must arrange for the Direct Participant to whose DTC account such Beneficial Owner's beneficial ownership interest in the 2012 Senior Bonds is held to request in writing (in a form satisfactory to the Trustee) that the Trustee cause such ownership interest to be transferred to the CUSIP number reserved for that purpose. It is anticipated that, upon receipt of any such request, the Trustee will use its best efforts to

obtain appropriate authorization from DTC to effect such transfer. Neither MEAG Power nor the Trustee can give any assurance that DTC will in the future provide such authorization or effect any such transfer upon request, with the result that any such revocation may not take effect.

Amendatory Supplemental Resolutions

Description of Proposed Amendments

The Amendatory Supplemental Resolutions contain amendments to certain provisions of the applicable Resolution, as the same will be amended and restated by the applicable Amended and Restated Resolution that will become effective on the date on which all Senior Bonds Outstanding under the applicable Resolution at December 16, 2011 (the date of adoption of the Amendatory Supplemental Resolutions) cease to be Outstanding thereunder. The latest maturity date of any Project One Senior Bond currently Outstanding is January 1, 2026, and the latest maturity date of any General Resolution Projects Senior Bond currently Outstanding is January 1, 2025. Set forth below is a description of the proposed amendments to the Resolutions contained in the Amendatory Supplemental Resolutions. Except as described below, upon their effectiveness, such amendments will apply to all Senior Bonds then Outstanding under the applicable Resolution, including any Outstanding Project One Taxable Series Four Senior Bonds or General Resolution Projects Taxable 2012A Senior Bonds, as applicable, and will be binding upon the Holders thereof. Although the description below refers to the proposed amendments to only one Resolution, it is equally applicable to the proposed amendments to both Resolutions, which are substantially the same.

Amendments Relating to Redemptions

- Allow MEAG Power to reserve the right to revoke any notice of redemption given at its election or direction and provide that the obligation of MEAG Power to redeem Senior Bonds called for redemption will be conditioned on sufficient moneys being available to pay the redemption price

Amendments Relating to Certain Future Amendments

- Allow the Trustee to consent to any amendment it determines will not have a material adverse effect on the interests of bondholders
- In the case of any amendment that currently would require the consent of the Holders of two-thirds in principal amount of all Senior Bonds Outstanding, reduce such requirement to a majority in principal amount of the Senior Bonds affected by such amendment
- Permit MEAG Power to provide, in connection with the initial issuance of a Series of Senior Bonds, that the Holders of such Senior Bonds are deemed to have consented to a particular amendment, so that such Holders will not have the right to revoke such consent

Effectiveness of Amendments Contained in the Amendatory Supplemental Resolutions

The various amendments to the Project One Resolution and the General Resolution Projects Resolution contained in the Amendatory Supplemental Resolutions, respectively, will become effective upon the satisfaction of the conditions to the effectiveness thereof contained in the Project One Resolution and the General Resolution Projects Resolution, respectively. Such conditions include: (1) all Project One Senior Bonds or General Resolution Projects Senior Bonds, as applicable, Outstanding under the applicable Resolution at December 16, 2011 (the date of adoption of the Amendatory Supplemental Resolutions) shall cease to be Outstanding thereunder and (2) there shall have been filed with the Trustee an Opinion of Counsel to the effect that the applicable Amendatory Supplemental Resolution has been

duly and lawfully adopted by MEAG Power in accordance with the provisions of the Project One Resolution or the General Resolution Projects Resolution, as applicable, is authorized or permitted by such resolution, and is valid and binding upon MEAG Power and enforceable in accordance with its terms (which Opinion was filed with the Trustee on December 21, 2011). At such time as such amendments become effective, they will apply to all Outstanding Project One Senior Bonds and all Outstanding General Resolution Projects Senior Bonds, as applicable, including the Project One Taxable Series Four Senior Bonds and the General Resolution Projects Taxable 2012A Series Senior Bonds, respectively. The latest maturity date of any Project One Senior Bond currently Outstanding is January 1, 2026, and the latest maturity date of any General Resolution Projects Senior Bond currently Outstanding is January 1, 2025.

RECENT DEVELOPMENTS

The Combined Cycle Project

The following updates the information contained in the Annual Information Statement under the caption “INTRODUCTORY STATEMENT – The Participants,” footnote (2) to the table labeled “CC Project” under the caption “MEAG POWER – Bulk Power Supply Operations – General,” the final paragraph under the caption “MEAG POWER – Bulk Power Supply Operations – The Combined Cycle Project – General” and footnote (2) to each of the tables under the caption “THE PARTICIPANTS – Obligation Shares of the Participants – CC Project”:

Albany was added as the 36th participant in the CC Project, effective January 1, 2011, pursuant to an assignment agreement between Griffin, as assignor, and Albany, as assignee. MBIA, as the insurer of certain of the CC Bonds, provided its consent to such assignment on July 7, 2011.

Nuclear Generating Facilities

The following updates the information contained in the Annual Information Statement under the caption “MEAG POWER – Bulk Power Supply Operations – March 2011 Events in Japan”:

According to published reports, the owners of the Fukushima Daiichi units are making progress on unit stabilization efforts. A plan entitled “Roadmap towards Restoration from the Accident at Fukushima Daiichi Nuclear Power Station” has been implemented. Such plan addresses multiple issues, including: (1) cooling of the reactor and spent fuel pool, (2) mitigation of contamination in the plant due to accumulated water in the groundwater and ocean and in the atmosphere and soil, (3) monitoring and decontamination, (4) countermeasures for future natural events and (5) environmental improvement. The Fukushima Daiichi units have been stabilized and, based on recent published reports, the Japanese government indicates that the units at the site have been brought to a state of cold shutdown.

In April 2011, August 2011, and November 2011, a number of environmental groups filed petitions with the NRC requesting the delay of ongoing NRC regulatory and licensing activities in order to address the “lessons learned” from the events at the Fukushima Daiichi generating plant. The April and August petitions have been denied by the NRC. The November petition has not been resolved by NRC. See “*The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4*” in the Annual Information Statement and any updates related thereto for a discussion of such petitions.

The NRC task force published its report providing insights and recommendations from the Fukushima Daiichi accident on July 12, 2011. The task force’s report entitled “Recommendation for Enhancing Reactor Safety in the 21st Century” (the “NRC Fukushima Task Force Report”) concluded that

the current regulatory approach ensures the protection of public health and safety and therefore operation and licensing activities should continue without delay. The NRC Fukushima Task Force Report also provided twelve overarching recommendations for clarifying and strengthening the regulatory framework and improving the effectiveness of the NRC's programs. Subsequent to this report, the NRC staff has completed several actions in response to these recommendations. In September 2011, the NRC staff issued a paper that provided recommended actions to be taken without delay from the NRC Fukushima Task Force Report. This review was followed by a paper in October 2011, that provided prioritization of recommended actions to be taken in response to the Fukushima lessons learned. The prioritization recommendations were provided to: (1) reflect regulatory actions to be taken, (2) identify implementation challenges, (3) include technical and regulatory bases, (4) identify additional recommendation and (5) include a schedule and milestones with recommendations for engagement of stakeholders. The recommendations identified priority items associated with seismic and flooding reevaluations, stations blackout actions, reliable hardened vents for Mark I and Mark II containments, spent fuel pool instrumentation, emergency preparedness procedures and actions and severe accident mitigation guidelines. The Nuclear Energy Institute testified at the October 11, 2011 NRC hearing that the U.S. nuclear energy industry is generally aligned with the priority items identified by the NRC staff and is ready to work with the NRC to ensure effective and efficient implementation of the safety enhancements. The impact of any of these changes in regulation, programs and process of the NRC as a result of these task force recommendations on the operation or costs of the existing nuclear generation facilities in which MEAG Power has an interest or on the licensing or construction of Vogtle Units 3&4 cannot be determined at this time.

The following updates the information contained in the Annual Information Statement in the sixth and seventh paragraphs under the caption "MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4":

On August 5, 2011, the NRC staff issued to Westinghouse the FSER for the amendment to the AP1000 design certification. This FSER documents the NRC staff's review of the amendment application through DCD Revision 19, as submitted on June 13, 2011. Also, on August 5, 2011, the NRC staff issued a separate letter to Westinghouse with the projected schedule for the final rulemaking, stating that the final rule will be submitted to the NRC Commissioners by October 5, 2011, and published in the Federal Register in January 2012. On December 22, 2011, the NRC took the final step in this process by voting to approve a rule certifying the amended AP1000 design for use in the United States. The NRC also found good cause to make the rule immediately effective once it is published in the Federal Register. Publication of the certification rule in the Federal Register occurred on December 30, 2011, and the rule is effective as of such date.

On August 5, 2011, the NRC staff issued the FSER for an LWA to continue safety-related foundation work and for the COL for Vogtle Units 3&4. It concluded that there were no safety aspects that would preclude issuing the LWA and COL for construction and operation of the proposed reactor site. On September 27-28, 2011, the NRC conducted a mandatory hearing, including two days of testimony from the NRC staff and executives from Southern Nuclear, for the purpose of determining whether the NRC staff's review had been adequate to support the findings necessary to issue the COL. On December 22, 2011, the NRC notified Southern Nuclear that the NRC had determined that good cause existed to make the rule certifying the AP1000 design immediately effective upon publication in the Federal Register. Accordingly, issuance of the COL is the remaining NRC licensing requirement for the construction and operation of the proposed reactor site.

Because these approvals are expected later than originally scheduled, the Consortium has submitted a November 2011 project schedule update, which includes a re-forecasting of the commercial operation date ("COD") for Vogtle Unit 3 from April 2016 to September 2016. This project schedule update does not include the compression activities that had been included in earlier project schedule

updates to maintain the April 2016 COD. The COD dates for Vogtle Units 3&4 have not been adjusted under the terms of the EPC Contract. Following final approval of the AP1000 design certification and the issuance of the COL, schedule compression will be reevaluated by GPC and the Consortium. Although there has been some slippage in the projected date of issuance of the COL contained in the current project schedule update, even if no compression to the schedule occurs, the COD date for Vogtle Unit 3 is still projected to occur in 2016 and the COD date for Vogtle Unit 4 is still projected to occur in 2017, even if Vogtle Unit 4 sustains the same slippage as Vogtle Unit 3.

The following updates the information contained in the Annual Information Statement in the ninth and eleventh paragraphs under the caption “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4”:

On September 27, 2011, the NRC denied the appeal of the three intervenors from the decision by the ASLB which denied the motion of the intervenors to admit a new contention alleging that the Vogtle Units 3&4 COLA’s containment and containment coating inspection was defective.

Following the events at the Fukushima Daiichi generating plant, a series of petitions were filed by various environmental groups with regard to a large number of nuclear power facilities, including Vogtle Units 3&4, requesting the suspension of adjudicatory, licensing and rulemaking activities and other relief in light of the events at the Fukushima Daiichi generating plant. Included among such petitions was a request that the NRC require a separate generic National Environmental Policy Act (“NEPA”) analysis regarding whether the events at the Fukushima Daiichi generating plant constituted new and sufficient information under NEPA that must be analyzed as part of the environmental review for new reactor and license renewal decisions. On September 9, 2011, the NRC denied each of these petitions on the grounds that the requests were premature. The NRC commented that it was continuing to evaluate the accident and its implications for nuclear power facilities within the United States and that the full picture of what happened at the Fukushima Daiichi generating plant was still far from clear. Accordingly, the NRC concluded that “any generic NEPA duty – if one were appropriate at all – does not accrue now.”

On August 11, 2011, two motions to reopen the Vogtle Units 3&4 COLA were filed by various environmental groups. The motions requested that the proceedings relating to the Vogtle Units 3&4 COLA be reopened to consider a new contention that the environmental impact statement for Vogtle Units 3&4 failed to satisfy the requirements of NEPA because it did not address new and significant environmental implications of the findings and recommendations raised in the NRC Fukushima Task Force Report, including seismic, flood and environmental justice issues. On October 18, 2011, the ASLB denied these motions on the grounds that they were premature, adopting the logic of the NRC with respect to the earlier petitions discussed in the preceding paragraph. On October 18, 2011, the petitioners requested reconsideration of such decision by the ASLB and on November 2, 2011, further appealed to the NRC to admit their contentions if they are denied reconsideration by the ASLB. On November 10, 2011, several groups opposed to nuclear power filed an additional petition with the NRC requesting that no further action be taken on the Westinghouse AP1000 design certification rulemaking until the review of the Fukushima incident is completed. Such petitions are not materially different from the petition denied by the NRC on September 9, 2011, but the NRC has not yet ruled on such petitions. On November 30, 2011, the ASLB denied the petitioners’ October 18, 2011 reconsideration request.

The following updates and replaces the information contained in the Annual Information Statement in the sixteenth paragraph under the caption “MEAG POWER – Bulk Power Supply Operations – The Vogtle Units 3&4 Projects – Description of Vogtle Units 3&4”:

GPC filed with the GPSC the fourth semi-annual construction monitoring report (the “Fourth Monitoring Report”) on February 28, 2011 for the period ended December 31, 2010. The GPSC

conducted hearings on the Fourth Monitoring Report in May, June and July 2011. The GPSC rendered its decision on August 16, 2011, which provided for, among other things, (i) verification and approval of certain expenditures and (ii) approval of a requirement for GPC in future monitoring report filings to reevaluate and justify certain weighting factors and natural gas price forecasts.

GPC filed its fifth semi-annual construction monitoring report (the “Fifth Monitoring Report”) with the GPSC on August 31, 2011 for the period ended June 30, 2011. The GPSC held hearings on the Fifth Monitoring Report in November and December 2011 with an additional hearing scheduled for January 10, 2012. The statutory deadline for decision by the GPSC is February 27, 2012.

Southeastern Power Administration (SEPA)

The following updates and replaces the information contained in the Annual Information Statement in the last paragraph under the caption “MEAG POWER – Bulk Power Supply Operations – Southeastern Power Administration (SEPA)”:

A SEPA rate increase of fifteen percent became effective October 1, 2010. This rate increase received final FERC approval on June 30, 2011. MEAG Power includes the cost of SEPA power on its monthly bills submitted to the Participants for informational purposes only. However, the Participants, not MEAG Power, are responsible for making payments to SEPA.

The Energy Authority

The following updates the information contained in the Annual Information Statement in the fourth paragraph under the caption “MEAG POWER – Bulk Power Supply Operations – The Energy Authority”:

As of August 31, 2011, MEAG Power had committed \$59.5 million for the purpose of providing credit support for TEA’s trading of electric power and natural gas. Such commitment was secured by a combination of trade guarantees and bank guarantees.

Municipal Competitive Trust

The following updates the information contained in the Annual Information Statement in the second paragraph under the caption “COMPETITION – Certain Responses of MEAG Power to Competition – Municipal Competitive Trust”:

As of August 31, 2011, the net value of the investments in the Municipal Competitive Trust was \$729.3 million, with all Participants participating in the Municipal Competitive Trust.

The following updates the information contained in the Annual Information Statement in the last sentence of the fourth paragraph under the caption “COMPETITION – Certain Responses of MEAG Power to Competition – Municipal Competitive Trust”:

For the eight months ended August 31, 2011, funds from the Municipal Competitive Trust applied to offset expenses in Project One and the Existing General Resolution Projects totaled \$59.5 million. Since January 2009, when MEAG Power commenced applying funds from the Municipal Competitive Trust to offset such expenses, available funds of the Participants have been deposited to the Municipal Competitive Trust in an amount equal to 76% of the total credits paid to the Participants from the Municipal Competitive Trust through August 2011.

Lease Financing Arrangement

The following updates the information contained in the Annual Information Statement in the third paragraph under the caption “COMPETITION – Certain Responses of MEAG Power to Competition – Lease Financing Arrangement”:

The purchase option related to the Lease which is being accreted throughout the term of the sublease was \$336.8 million as of August 31, 2011.

FERC Initiatives

The following updates the information contained in the Annual Information Statement under the caption “COMPETITION – Certain Factors Affecting the Electric Utility Industry – FERC Initiatives”:

On July 21, 2011, FERC issued Order No. 1000 entitled “Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities.” Order No. 1000 requires that, among other things, public utility transmission providers participate in a regional process that produces a regional transmission plan satisfying certain principles. Order No. 1000 also provides that public utility transmission providers must amend their open access transmission tariffs to include a methodology for allocating the costs of new regional and inter-regional transmission facilities. Order No. 1000 does not, however, disturb the charges for transmission facilities that existed on such order’s effective date.

As a non-public utility, MEAG Power is not directly subject to the requirements of Order No. 1000. However, in the order, FERC states that non-public utilities that decline to bear their assigned share of the costs for new regional facilities may be denied tariff-based transmission service from public utilities and that FERC will consider using the authority it has under Section 211A of the FPA against such non-public utilities. Along with a number of southeast utilities and the Large Public Power Council, MEAG Power has sought rehearing of a number of the aspects of Order No. 1000. The effect of Order No. 1000 on MEAG Power, the Participants or the ITS cannot be determined at this time.

Interim Financial Information

The information in the table below supplements the information contained in the Annual Information Statement under the caption “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA” and should be read in conjunction with the information under such caption and in Appendix A to the Annual Information Statement:

The information in the table below provides a summary of selected financial and operating data for MEAG Power. See Appendix A to the Annual Information Statement for MEAG Power’s audited consolidated financial statements as of December 31, 2010 and 2009 and for the fiscal years then ended, including the Notes thereto and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with respect thereto contained therein. Attached hereto as APPENDIX D are MEAG Power’s unaudited condensed consolidated balance sheet as of June 30, 2010 and June 30, 2011 and unaudited condensed consolidated statement of net revenues for the six months then ended. The following information is derived from the foregoing and certain other information available to MEAG Power.

	For the year ended or as of December 31,			Six months ended or as of June 30,	
	2008	2009	2010	2010 ⁽⁶⁾	2011 ⁽⁶⁾
				(unaudited)	(unaudited)
	(Dollars in Thousands)				
Revenues	\$ 771,833	\$ 666,235	\$ 741,799	\$361,801	\$372,058
Expenses ⁽¹⁾	\$ 771,833	\$ 666,235	\$ 741,799	\$361,801	\$372,058
Total Assets	\$4,563,173	\$5,028,680	\$7,340,451	\$7,332,700	\$7,328,753
Property, plant and equipment – net	\$2,261,040	\$2,633,954	\$3,073,578	\$2,891,955	\$3,319,948
Debt Outstanding (excluding defeased bonds)	\$3,838,067	\$4,332,283	\$6,476,780	\$6,507,715	\$6,420,390
Weighted average interest cost ⁽²⁾	4.72%	3.67%	4.39%	4.34%	4.35%
Total Delivered Energy ⁽³⁾	10,602,761	10,222,929	10,953,057	5,277,480	5,240,344
Total Cost to Participants – cents/kWh ⁽³⁾⁽⁴⁾⁽⁵⁾	5.68	5.36	5.34	5.49	6.07

- (1) With respect to Plants Hatch, Scherer, Vogtle (Unit Nos. 1 and 2 only) and Wansley, GPC has contracted to operate and maintain the jointly owned facilities as agent for the respective co-owners, including MEAG Power. MEAG Power's proportionate share of plant operating expenses with respect to years 2010 and 2009 is included in the corresponding operating expense items in the applicable Consolidated Statement of Net Revenues set forth in Appendix A to the Annual Information Statement or, with respect to the six months ended June 30, 2011 and June 30, 2010, in APPENDIX D hereto.
- (2) Excludes the impact of other net interest expense components such as receipts and payments pertaining to interest rate swap agreements, amortization of debt discount and expense, interest income, the net change in the fair value of financial instruments, and interest capitalized. For the year 2010 and the six months ended June 30, 2010 and 2011, the rate is net of the 35% subsidy on the Build America Bonds. See "MEAG POWER – Bulk Power Supply Operations – *The Vogtle Units 3&4 Projects – General*" in the Annual Information Statement for a brief discussion of the Vogtle Units 3&4 Bonds that MEAG Power has designated as "Build America Bonds" under the Recovery Act and for which, provided MEAG Power complies with the requirements of the Recovery Act, MEAG Power is entitled to receive subsidy payments.
- (3) MEAG Power's Participants purchase energy directly from SEPA. Such energy is included in these calculations.
- (4) Cost related to MEAG Power's electric generating projects.
- (5) Beginning in 2009, funds from the Municipal Competitive Trust were applied to lower the Participants' annual generation billings. See "COMPETITION – Certain Responses of MEAG Power to Competition – *Municipal Competitive Trust*" in the Annual Information Statement.
- (6) Interim period revenues are net of over-recovery adjustments payable to the Participants of \$6.3 million and \$5.8 million for the six months ended June 30, 2010 and 2011, respectively, pending approval subsequent to year-end by the MEAG Power Board. The final 2010 over-recovery is available to all the Participants and has been substantially distributed.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following updates the information contained in the Annual Information Statement under the caption "SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Management's Discussion and Analysis of Financial Condition and Results of Operations":

The following discussion should be read in conjunction with MEAG Power's audited consolidated financial statements, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations," contained in Appendix A to the Annual Information Statement and MEAG Power's unaudited condensed consolidated balance sheet as of June 30, 2010 and June 30, 2011 and unaudited condensed consolidated statement of net revenues for the six months then ended, contained in APPENDIX D attached hereto.

Financial Condition

Overview. At June 30, 2011, total assets had decreased \$11.7 million from December 31, 2010 due to decreases in other non-current assets of \$171.6 million, \$76.9 million in current assets and \$9.5 million in deferred debits. These decreases were partially offset by an increase in Property, Plant and Equipment ("PP&E") of \$246.3 million. Special funds accounted for the decrease in other non-current assets due primarily to construction work in progress ("CWIP") payments related to work at Vogtle Units

3&4, as well as other capital expenditures (see below). The decrease in current assets was also mainly related to special funds, which decreased \$82.3 million due primarily to timing differences related to debt service payments and collections from the Participants. Fuel stocks also decreased \$3.2 million due to a reduction in purchases related to planned coal plant maintenance outages (see “*Results of Operations – Operating Expenses*” below), as well as delivery issues due to flooding in the mid-western United States. These decreases were partially offset by increases of \$6.2 million in receivables from Participants related to seasonal variation in energy demand, and \$5.2 million in materials, supplies and other assets, mainly due to improvement in the fair value of natural gas hedges. Deferred debits decreased mainly due to normal amortization of debt discount and expense. The increase in PP&E was primarily due to a \$230.2 million increase in CWIP, mainly related to work at Vogtle Units 3&4 pertaining to excavation and backfill of the units’ foundations, manufacturing of major components, and completion of the site facilities to support construction, as well as environmental improvements to the coal units.

Between December 31, 2010 and June 30, 2011, long term debt (including the current portion) decreased by a net amount of \$85.2 million due primarily to refundings and principal payments of \$460.5 million, which were partially offset by bond issuances and normal bond amortization/accretion of \$375.3 million. An increase of \$7.2 million in accretion of the lease finance obligation, as well as an increase of \$21.6 million in lines of credit borrowings and other short-term debt, mainly related to Vogtle Units 3&4, resulted in a net decrease of total debt outstanding of \$56.4 million. Other non-current liabilities increased during this period by \$37.7 million mainly due to increases in voluntary Participant deposits to defray the future costs of new generation projects, timing differences between amounts billed and expenses determined in accordance with generally accepted accounting principles, and accruals related to Vogtle Units 3&4. Increases in construction liabilities and trust funds held for the Participants were partially offset by decreases in accounts payable, accrued interest and securities lending collateral, which resulted in an increase of \$7.0 million for the same period in current liabilities excluding the current portion of long-term debt, as well as lines of credit borrowings and other short-term debt.

Results of Operations

Revenues. Billings to the Participants are designed to recover certain costs, as defined by the bond resolutions, as well as power sales and telecommunications contracts. Participant billings primarily include current operating costs, scheduled debt principal and interest payments and deposits in certain funds. Timing differences between amounts billed and expenses determined in accordance with generally accepted accounting principles are charged or credited to net costs to be recovered from Participants. Depreciation and certain debt service billings are examples of such timing differences. All costs are billed to the Participants over the period of the applicable contracts. The terms of the Municipal Competitive Trust authorize the application of funds from certain Municipal Competitive Trust accounts (“Trust Transfers”) for the purpose of lowering the Participants’ annual generation charges from MEAG Power during the period 2009 through 2018.

Total revenues through June 30, 2011 were \$372.1 million compared to \$361.8 million for the same period of 2010. An increase of \$21.1 million in Participant revenue was due mainly to higher Participant billings for operating expenses and debt service. The increase in Participant revenue was partially offset by an increase in Trust Transfers applied to Participant billings in Project One and the Existing General Resolution Projects.

A decrease of \$10.8 million in other revenues was primarily due to off-system energy sales, which decreased \$11.6 million due mainly to lower generation from the coal plants (see “*Operating Expenses*” below), resulting in less energy available for off-system sales.

Operating Expenses. Year-to-date operating expenses through June 30, 2011 increased 4.8% to \$271.1 million, compared to \$258.8 million for the same period in 2010. Other generating and operating expense increased \$11.4 million due primarily to an increase in the number and length of coal plant

maintenance outages, mainly planned, as well as nuclear-related expenses. An increase of \$4.4 million in purchased power expense was also due to the additional maintenance outages. These increases were partially offset by a decrease of \$3.1 million in total fuel expense. An \$8.3 million decrease in coal expense, due primarily to lower generation resulting from the additional maintenance outages, was partially offset by a \$3.6 million increase in nuclear fuel expense, attributable to an increase in amortization rates, as well as a \$1.3 million increase in natural gas expense due to higher unit utilization.

Interest Expense, Net. Net interest expense, which includes stated interest expense and other related components such as amortization of debt discount and expense, interest income, net change in the fair value of financial instruments, interest capitalized, and subsidy on Build America Bonds totaled \$84.5 million through June 30, 2011 compared to \$66.0 million for the same period in 2010. This 28.1% increase was due primarily to an increase in net interest expense of the Vogtle Units 3&4 Projects of \$32.7 million, mainly attributable to a decrease in the fair value of financial instruments of \$27.5 million. This decrease was due to a reduction in the Vogtle Units 3&4 Projects' investment portfolio of \$159.8 million during 2011, due primarily to planned CWIP expenditures (see "*Financial Condition – Overview*" above), the impact of which was partially offset by mark-to-market improvement on remaining investments in a lower interest rate environment.

Net interest expense of other MEAG Power projects decreased by \$14.1 million for the six months ended June 30, 2011, compared to the same period in 2010, due primarily to a \$7.4 million improvement in the fair value of financial instruments related to decommissioning and Municipal Competitive Trust funds. Stated interest expense decreased \$5.1 million due to lower interest rates, as well as lower amounts of bonds outstanding.

Rating Triggers and Other Factors That Could Affect MEAG Power's Liquidity, Results of Operations or Financial Condition

Interest Rate Swap Agreements

The following updates and supplements the information contained in the Annual Information Statement in the last paragraph under the caption "SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power's Liquidity, Results of Operations or Financial Condition – Interest Rate Swap Agreements":

As of August 31, 2011, the aggregate fair market value of the various interest rate swap transactions outstanding under the master agreement(s) with each particular counterparty ranged from approximately \$(386,056) to approximately \$(16,400,672), and the aggregate fair market value of the interest rate swap transactions outstanding under the master agreements with all counterparties was approximately \$(44,318,812). (Note: When noting the fair market value of an interest rate swap transaction or group of swap transactions, the number represents the amount that MEAG Power would pay (if negative) or receive (if positive) if the transaction(s) were terminated as of the specified date.)

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Credit and Liquidity Support for MEAG Power's Commercial Paper Notes

The following updates and supplements the information contained in the Annual Information Statement in the last paragraph under the caption "SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power's Liquidity, Results of Operations or Financial Condition – Credit and Liquidity Support for MEAG Power's Commercial Paper Notes":

On December 21, 2011, MEAG Power issued the General Resolution Projects Series 2011D Subordinated Bonds in the aggregate principal amount of \$24,705,000 for the purpose, among others, of providing funds to retire \$17,094,000 in principal amount of taxable commercial paper notes that were issued to finance certain improvements to the coal-fired generating units included in Project Three.

On December 28, 2011, MEAG Power (a) retired \$400,000 in aggregate principal amount of tax-exempt commercial paper notes issued for Project One from Project One Revenues accumulated for that purpose, (b) retired \$9,000,000 in aggregate principal amount of taxable commercial paper notes issued for Project Three from proceeds of the General Resolution Projects Series 2011D Subordinated Bonds and (c) issued (i) its Project One taxable commercial paper notes in the aggregate principal amount of \$82,179,000 to (X) provide the balance of the funds required to refund the Project One Series 2009A Subordinated Bonds maturing on January 1, 2012 and (Y) finance certain capital improvements to Project One and (ii) its General Resolution Projects taxable commercial paper notes in the aggregate principal amount of \$6,893,000 to (X) provide the balance of the funds required to refund the General Resolution Projects Series 2009A Subordinated Bonds maturing on January 1, 2012 and (Y) finance certain capital improvements to Projects Two and Three.

On or about January 3, 2012, MEAG Power expects to retire \$8,094,000 in aggregate principal amount of taxable commercial paper notes issued for Project Three from proceeds of the General Resolution Projects Series 2011D Subordinated Bonds. In addition, on or about January 5, 2012, MEAG Power expects to retire \$750,000 in aggregate principal amount of tax-exempt commercial paper notes issued for Projects Two and Three from Revenues from Projects Two and Three accumulated for that purpose. Upon such retirements, MEAG Power will have an aggregate principal amount of \$128,257,000 of Project One commercial paper notes outstanding and an aggregate principal amount of \$62,899,000 of General Resolution Projects commercial paper notes outstanding.

Revolving Credit Agreements

The following updates the information contained in the Annual Information Statement in the parenthetical in the third sentence of the paragraph under the caption "SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power's Liquidity, Results of Operations or Financial Condition – Revolving Credit Agreements":

On December 6, 2011, each Revolving Credit Agreement was amended and extended such that the "termination date" thereof currently is December 6, 2014, but is subject to extension from time to time at the sole discretion of the banks.

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Lease Financing Arrangement

The following updates the information contained in the Annual Information Statement in the first sentence of the last paragraph under the caption “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA – Rating Triggers and Other Factors That Could Affect MEAG Power’s Liquidity, Results of Operations or Financial Condition – Lease Financing Arrangement”:

MEAG Power estimates that the maximum aggregate amount of exposure it would have if it were required to make a termination payment was approximately \$132.3 million as of August 31, 2011.

Capital Improvements and Financing Program

The following updates and supplements the information contained in the Annual Information Statement in the first eight paragraphs under the caption “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – Outstanding Indebtedness – Project One and Existing General Resolution Projects”:

As of August 31, 2011, MEAG Power had issued Project One Senior Bonds in the aggregate principal amount (net of refunded amounts) of \$1,626,495,998 and Project One Subordinated Bonds other than commercial paper notes in the aggregate principal amount (net of refunded amounts) of \$2,142,788,272; including commercial paper notes issued (net of refunded amounts), the amount of such Project One Subordinated Bonds issued was \$2,263,470,272. Of such principal amounts, \$524,644,611 and \$1,779,318,272 of Project One Senior Bonds and Project One Subordinated Bonds (excluding accretion of capital appreciation bonds (“CABs”) in the amount of approximately \$36,473,070 as of August 31, 2011) other than commercial paper notes, were outstanding as of August 31, 2011, and \$46,478,000 in aggregate principal amount of Project One commercial paper notes were outstanding as of such date. The Project One Subordinated Bonds included \$148,065,000 principal amount of variable rate bonds that were subject to optional or mandatory tender for purchase from time to time and were supported by letters of credit or other liquidity facilities provided by one or more banks.

As of August 31, 2011, MEAG Power had issued General Resolution Projects Senior Bonds in the aggregate principal amount (net of refunded amounts) of \$693,850,588 and General Resolution Projects Subordinated Bonds other than commercial paper notes in the aggregate principal amount (net of refunded amounts) of \$666,424,078; including commercial paper notes issued (net of refunded amounts), the amount of such General Resolution Projects Subordinated Bonds issued was \$800,480,078. Of such principal amounts, \$276,320,000 and \$487,709,168 of General Resolution Project Senior Bonds and General Resolution Projects Subordinated Bonds (excluding accretion of CABs in the amount of approximately \$36,526,466 as of August 31, 2011) other than commercial paper notes, were outstanding as of August 31, 2011, and \$73,850,000 in aggregate principal amount of General Resolution Projects commercial paper notes were outstanding as of such date. The General Resolution Projects Subordinated Bonds included \$116,285,000 principal amount of variable rate bonds that were subject to optional or mandatory tender for purchase from time to time and were supported by letters of credit or other liquidity facilities provided by one or more banks.

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The following updates and supplements the information contained in the Annual Information Statement under the caption “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – Outstanding Indebtedness – Project One and Existing General Resolution Projects”:

As of August 31, 2011, commercial paper notes in the aggregate principal amount of \$120,328,000 were outstanding, consisting of \$400,000 principal amount of tax-exempt commercial paper notes for Project One, \$46,078,000 principal amount of taxable commercial paper notes for Project One, \$750,000 principal amount of tax-exempt commercial paper notes for the Existing General Resolution Projects and \$73,100,000 principal amount of taxable commercial paper notes for the Existing General Resolution Projects.

On December 21, 2011, MEAG Power issued (a) its Power Revenue Bonds, Taxable Series Three in the aggregate principal amount of \$14,890,000 (the “Project One Taxable Series Three Senior Bonds”) to (i) finance certain capital improvements to Project One (including repayment of certain borrowings made under the Project One Revolving Credit Agreement for such purpose in the aggregate principal amount of approximately \$7,175,000), (ii) provide a portion of the moneys required to refund the Project One Series 2009A Subordinated Bonds maturing on January 1, 2012 in the aggregate principal amount of \$28,720,000 (the “Project One 2009A Refunded Bonds”), (iii) provide moneys for deposit in the Debt Service Reserve Account in the Debt Service Fund established under the Project One Resolution and (iv) pay the costs of issuance of the Project One Taxable Series Three Senior Bonds and (b) its Project One Subordinated Bonds, Taxable Series 2011D in the aggregate principal amount of \$24,700,000 (the “Project One Taxable Series 2011D Subordinated Bonds”) to (i) provide a portion of the moneys required to refund the Project One 2009A Refunded Bonds and (ii) pay the costs of issuance of the Project One Taxable Series 2011D Subordinated Bonds.

On December 21, 2011, MEAG Power also issued (a) its General Power Revenue Bonds, Taxable 2011A Series in the aggregate principal amount of \$20,910,000 (the “General Resolution Projects Taxable 2011A Series Senior Bonds”) to (i) finance certain capital improvements to Projects Two and Three (including repayment of certain borrowings made under the General Resolution Projects Revolving Credit Agreement for such purpose in the aggregate principal amount of approximately \$12,465,000), (ii) provide a portion of the moneys required to refund the General Resolution Projects Series 2009A Subordinated Bonds maturing on January 1, 2012 in the aggregate principal amount of \$11,355,000 (the “General Resolution Projects 2009A Refunded Bonds”), (iii) provide moneys for deposit in the Debt Service Reserve Account in the Debt Service Fund established under the General Resolution Projects Resolution and (iv) pay the costs of issuance of the General Resolution Projects Taxable 2011A Series Senior Bonds and (b) the General Resolution Projects Series 2011D Subordinated Bonds to (i) provide a portion of the moneys required to refund the General Resolution Projects 2009A Refunded Bonds, (ii) retire \$17,094,000 in principal amount of taxable commercial paper notes that were issued to finance certain improvements to the coal-fired generating units included in Project Three and (iii) pay the costs of issuance of the General Resolution Projects Taxable Series 2011D Subordinated Bonds.

On December 28, 2011, MEAG Power (a) retired \$400,000 in aggregate principal amount of tax-exempt commercial paper notes issued for Project One from Project One Revenues accumulated for that purpose, (b) retired \$9,000,000 in aggregate principal amount of taxable commercial paper notes issued for Project Three from proceeds of the General Resolution Projects Series 2011D Subordinated Bonds and (c) issued (i) its Project One taxable commercial paper notes in the aggregate principal amount of \$82,179,000 to (X) provide the balance of the funds required to refund the Project One Series 2009A Subordinated Bonds maturing on January 1, 2012 and (Y) finance certain capital improvements to Project One and (ii) its General Resolution Projects taxable commercial paper notes in the aggregate principal amount of \$6,893,000 to (X) provide the balance of the funds required to refund the General Resolution

Projects Series 2009A Subordinated Bonds maturing on January 1, 2012 and (Y) finance certain capital improvements to Projects Two and Three.

On or about January 3, 2012, MEAG Power expects to retire \$8,094,000 in aggregate principal amount of taxable commercial paper notes issued for Project Three from proceeds of the General Resolution Projects Series 2011D Subordinated Bonds. In addition, on or about January 5, 2012, MEAG Power expects to retire \$750,000 in aggregate principal amount of tax-exempt commercial paper notes issued for Projects Two and Three from Revenues from Projects Two and Three accumulated for that purpose. Upon such retirement, MEAG Power will have an aggregate principal amount of \$128,257,000 of Project One commercial paper notes outstanding and an aggregate principal amount of \$62,899,000 of General Resolution Projects commercial paper notes outstanding.

The following updates the information contained in the Annual Information Statement under the caption “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – Revolving Credit Agreements”:

As of August 31, 2011, the amount outstanding under the Project One Revolving Credit Agreement was approximately \$14,374,409 and the amount outstanding under the General Resolution Projects Revolving Credit Agreement was \$5,120,000. As of August 31, 2011, there were no amounts outstanding under the CC Project Revolving Credit Agreement.

On December 6, 2011, the Revolving Credit Agreements were amended to increase MEAG Power’s aggregate revolving credit line to \$100,000,000.

On December 21, 2011, MEAG Power issued (a) the Project One Taxable Series Three Senior Bonds for the purpose, among others, of financing certain capital improvements to Project One, including repayment of certain borrowings made under the Project One Revolving Credit Agreement for such purpose in the aggregate principal amount of approximately \$7,175,000 and (b) the General Resolution Projects Taxable 2011A Series Senior Bonds for the purpose, among others, of financing certain capital improvements to Projects Two and Three, including repayment of certain borrowings made under the General Resolution Projects Revolving Credit Agreement for such purpose in the aggregate principal amount of approximately \$12,465,000. Upon the repayment of such borrowings under the Project One Revolving Credit Agreement and the General Resolution Projects Revolving Credit Agreement, respectively, the amount outstanding under the Project One Revolving Credit Agreement was approximately \$12,819,408 and the amount outstanding under the General Resolution Projects Revolving Credit Agreement was approximately \$15,371,000.

Security for MEAG Power’s Bonds

The following updates the information contained in the Annual Information Statement under the caption “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Security for MEAG Power’s Subordinated Bonds – Project One Subordinated Bonds” and “– General Resolution Projects Bonds” and “– Security for MEAG Power’s CC Bonds – CC Project Revolving Credit Agreement”:

On December 6, 2011, the Revolving Credit Agreements were amended to provide that total borrowings under the Project One Revolving Credit Agreement, the General Resolution Projects Revolving Credit Agreement and the CC Project Revolving Credit Agreement may not exceed at any one time \$100,000,000.

The Participants

The following updates and replaces the information contained in the Annual Information Statement in the fourth sentence of the first paragraph under the caption “THE PARTICIPANTS – General”:

Collectively, the Participants served approximately 308,000 customer accounts during 2010, representing a total population of 613,530 based on the U.S. Census Bureau’s 2010 Decennial Census.

Litigation

The following updates and replaces the information contained in the Annual Information Statement in the eighth paragraph under the caption “LITIGATION”:

Both Georgia and the Army Corps appealed the July 17, 2009 order to the U.S. Court of Appeals for the 11th Circuit. Alabama and Florida filed motions seeking dismissal of the appeals. Those motions were denied by the 11th Circuit on January 20, 2010. On June 28, 2011, the 11th Circuit reversed the ACF court’s July 17, 2009 order. The 11th Circuit held that the ACF court erred in finding that it had jurisdiction as to all of the ACF cases, finding that the Army Corps had not taken final agency action with respect to certain of those cases. The 11th Circuit also held that the ACF court and the Army Corps had erred in concluding that water supply was not an authorized purpose under the 1946 Rivers and Harbors Act, and therefore directed the Army Corps to reconsider Georgia’s 2000 water supply request and fashion an allocation plan that takes water supply into account as a fully authorized purpose of Lake Lanier. In addition to providing certain instructions in connection with this remand, the 11th Circuit directed the Army Corps to arrive at a well-reasoned, definitive and final judgment as to its water supply authority under the controlling federal legislation, and the 11th Circuit retained limited jurisdiction to monitor compliance with this directive for one year.

On September 16, 2011, the 11th Circuit denied requests for rehearing and rehearing *en banc*. On October 5, 2011, the ACF court issued an order remanding the ACF Phase 1 claims back to the Army Corps to issue a new “Water Control Manual” for the ACF basin consistent with the 11th Circuit decision.

The following updates the information contained in the Annual Information Statement in the tenth paragraph under the caption “LITIGATION”:

The most recent status report was filed in the ACT case on August 10, 2011, where the States of Alabama and Georgia informed the court that the settlement negotiations are continuing and that they are productive. On July 1, 2011, the ACT court issued an order that the stay of the case be lifted. The Federal and Georgia parties filed Motions to Dismiss the ACT case on September 21, 2011 based on the 11th Circuit decision. Response briefs were filed on November 16, 2011 and on November 21, 2011, and reply briefs were filed by the Federal and Georgia parties on December 21, 2011.

The following updates and replaces the information contained in the Annual Information Statement in the fifteenth paragraph under the caption “LITIGATION”:

On January 11, 2011, plaintiffs filed a Motion to Remand the case back to the Superior Court of Dougherty County. The District Court issued an order on September 30, 2011, denying plaintiffs’ Motion to Remand.

Environmental Issues

The following updates and supplements the information contained in the Consulting Engineer's Letter attached to the Annual Information Statement as Appendix B under the caption "FACILITIES INCLUDED IN PROJECTS ONE, TWO, THREE AND FOUR – OTHER MATTERS RELATED TO FACILITIES – Environmental Issues – Air – SO₂, NO_x and Mercury Emissions" relating to the "Transport Rule" referred to below:

On August 8, 2011, the EPA published a final regulation entitled, "Federal Implementation Plans: Interstate Transport of Fine Particulate Matter and Ozone and Correction of SIP Approvals," also known as the "Cross-State Air Pollution Rule" or the "Transport Rule." This regulation limits the transport of emissions of SO₂ and NO_x that contribute to levels of fine particulate matter and ozone in downwind states and affect the downwind states' ability to attain and maintain compliance with 1997 and 2006 fine particulate matter NAAQS and the 1997 ozone NAAQS. The Transport Rule would succeed CAIR beginning in 2012. Georgia is one of 27 states in the eastern United States that is subject to the Transport Rule regulation and is subject specifically to three allowance based cap-and-trade programs: (1) the annual SO₂ program for states identified as "Group 2" states, (2) the annual NO_x program and (3) the ozone season NO_x program.

The final Transport Rule would be substantially stricter than the 2010 proposed transport rule as it affects Georgia and MEAG Power. As a result, MEAG Power would receive substantially fewer 2012 SO₂ allowances than its projected 2012 SO₂ emissions, despite its fossil energy mix consisting of the CC Project that uses natural gas, two coal-fired units at Plant Wansley that use flue gas desulfurization ("FGD") systems, and two coal-fired units at Plant Scherer that are subject to and meet the EPA's "New Source Performance Standards" and that use very low sulfur sub-bituminous coal. MEAG Power believes that its units will have sufficient SO₂ allowances in 2013 and thereafter because FGD systems currently under construction at Plant Scherer are scheduled to come into operation in 2013 and 2014. MEAG Power also believes that it will have sufficient annual NO_x allowances and ozone season NO_x allowances for all years that the Transport Rule will be in effect.

MEAG Power believes that the EPA did not provide adequate notice or opportunity to comment on the final Transport Rule's substantially reduced SO₂ and other allowance levels for Georgia and MEAG Power. MEAG Power also believes that compliance with the SO₂ rule provisions in 2012 will cost substantially more per ton reduced than the maximum cost threshold established by the EPA in the rulemaking, and that compliance by reducing operation at Plant Scherer could impose \$4.3 to \$13.2 million in additional costs in 2012. Consequently, on October 6, 2011, MEAG Power filed a "Request for Partial Reconsideration and Stay" of the final Transport Rule with the EPA. MEAG Power requested that the EPA stay the final Transport Rule during such reconsideration, and that the EPA ultimately address the critical flaws in the final Transport Rule identified by MEAG Power by (a) restoring Georgia's 2012 state SO₂ emission budget to the levels contained in the 2010 proposed transport rule or a related January 2011 EPA Notice of Data Availability (the "2011 NODA"), (b) staying the application of the final Transport Rule to units subject to Georgia's Multipollutant Control for Electric Utility Steam Generating Units rule, including MEAG Power's units, until the controls mandated under the Georgia rule have been installed and are in commercial operation, (c) delaying the effective date of the final Transport Rule for MEAG Power or the State of Georgia until 2013, or (d) providing such other relief to allow MEAG Power's units to operate in compliance with the final Transport Rule consistent with the SO₂ allocations budgeted in either the 2010 proposed transport rule or the 2011 NODA.

On October 7, 2011, MEAG Power filed a "Petition for Review" of the final Transport Rule with the U.S. Court of Appeals for the District of Columbia Circuit. On October 14, 2011, MEAG Power also filed a "Motion for a Partial Stay" of the final Transport Rule with the U.S. Court of Appeals. In a court order dated November 14, 2011, the U.S. Court of Appeals directed the EPA to respond, by December 1,

2011, to MEAG Power and certain other petitioners that had filed for a stay of the final Transport Rule. On December 1, 2011, the EPA filed a response to the petitioners and, on December 9, 2011, the petitioners, including MEAG Power, filed a joint reply supporting their “Motion for a Partial Stay” of the final Transport Rule.

On December 30, 2011, the U.S. Court of Appeals for the District of Columbia Circuit issued an order granting the motions to stay filed by MEAG Power and the other petitioners. The court’s order states that it expects the EPA to continue administering CAIR pending the court’s resolution of the petitions for review. The order also directed parties in the case to propose briefing formats and schedules that would allow the cases to proceed to oral argument by April 2012.

The following updates and supplements the information contained in the Consulting Engineer’s Letter attached to the Annual Information Statement as Appendix B under the caption “FACILITIES INCLUDED IN PROJECTS ONE, TWO, THREE AND FOUR – OTHER MATTERS RELATED TO FACILITIES – Environmental Issues – Air – SO₂, NO_x and Mercury Emissions” relating to the NAAQS for ozone:

On September 2, 2011, President Obama requested that Lisa Jackson, the EPA administrator, withdraw a draft revision to the ozone NAAQS. The draft revision at issue resulted from an EPA action in 2010 to reconsider and re-propose an eight-hour ozone standard of 0.075 parts per million (“ppm”) set by the EPA in March 2008 (the “2008 standard”). The standard level proposed in 2010 was a range of 0.060 to 0.070 ppm. On September 22, 2011, the EPA issued a memorandum to its regional staff stating that: (1) the effective ozone standard would now be the 2008 standard, (2) the EPA expects to propose and finalize lists of areas that are attaining or violating the 2008 standard by mid-2012, (3) the EPA will begin rulemaking in the very near future on actions states must take to attain or continue to attain the 2008 standard and (4) the EPA will propose the next standard revision in 2013 and finalize such revision in 2014. The financial and operational impacts on MEAG Power of the reinstated 2008 standard cannot be determined at this time.

The following updates and supplements the information contained in the Consulting Engineer’s Letter attached to the Annual Information Statement as Appendix B under the caption “FACILITIES INCLUDED IN PROJECTS ONE, TWO, THREE AND FOUR – OTHER MATTERS RELATED TO FACILITIES – Environmental Issues – Air – Federally-Regulated Hazardous Air Pollutants” relating to the Utility MACT rule:

On October 21, 2011, the EPA and certain plaintiffs executed a stipulation providing that the EPA had an extension until December 16, 2011 to sign a notice of final rulemaking establishing final MACT standards for new and existing coal- and oil-fired electric utility steam generating units. On December 16, 2011, the EPA administrator signed the final rule notice. The EPA has provided an unofficial pre-publication version of the rule that is currently under review by MEAG Power. According to the EPA’s website, the final rule will be published in the Federal Register in January or February 2012, and the EPA estimates that sources generally will have until early 2016 to comply.

[Remainder of page intentionally left blank.]

The following updates and supplements the information contained in the Consulting Engineer's Letter attached to the Annual Information Statement as Appendix B under the caption "FACILITIES INCLUDED IN PROJECTS ONE, TWO, THREE AND FOUR – OTHER MATTERS RELATED TO FACILITIES – Environmental Issues – Air – Greenhouse Gases" relating to emissions guidelines for greenhouse gases emitted from existing electric generating units:

As of December 30, 2011, the EPA had not issued proposed standards of performance for GHG's from new electric generating units or proposed emission guidelines for GHG's from existing electric generating units. The EPA's website states that on November 4, 2011, it forwarded to the Office of Management and Budget, for regulatory review, a proposed rule setting only a GHG standard of performance for new and reconstructed facilities, with a projected Federal Register publication date in January 2012.

TAX MATTERS

IRS Circular 230 Notice

The advice under this caption "TAX MATTERS" concerning certain income tax consequences of the acquisition, ownership and disposition of the Bonds was written to support the promotion or marketing of the Bonds. To ensure compliance with requirements imposed by the Internal Revenue Service (the "IRS"), Nixon Peabody LLP, Special Tax Counsel to MEAG Power ("Special Tax Counsel") informs prospective investors that (i) any Federal tax advice contained in this Official Statement (including any attachments) or in writings furnished by Special Tax Counsel to MEAG Power is not intended to be used, and cannot be used, by any bondowner, for the purpose of avoiding penalties that may be imposed on the bondowner under the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) each bondowner should seek advice based on the bondowner's particular circumstances from an independent tax advisor.

General

The following is a summary of certain anticipated United States Federal income tax consequences of the purchase, ownership and disposition of the Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Bonds held as capital assets and does not purport to address all aspects of Federal income taxation that may affect particular investors in the light of their individual circumstances or certain types of investors subject to special treatment under the Federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes, or persons whose functional currency is not the United States dollar. Special Tax Counsel will render its opinion upon issuance of the Bonds in substantially the form attached hereto in APPENDIX G. Potential purchasers of the Bonds should consult their own tax advisors in determining the Federal, state or local tax consequences to them of the purchase, holding and disposition of the Bonds.

In the opinion of Special Tax Counsel, interest on the Bonds is not excluded from gross income for Federal income tax purposes and so will be fully subject to Federal income taxation. Purchasers other than those who purchase the Bonds in the initial offering at their principal amounts will be subject to Federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Bonds. In general, interest paid on the Bonds and recovery of accrued market discount, if any, will be treated as ordinary income to a bondholder, and after adjustment for the foregoing principal payments will be treated as a return of capital.

In all events, purchasers of the Bonds should consult their own tax advisers regarding such matters.

Market Discount

Any owner who purchases a Bond at a price which includes market discount in excess of a prescribed *de minimis* amount (*i.e.*, at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Bond as ordinary income to the extent of any remaining accrued market discount (described under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner of a Bond who acquires such Bond at a market discount also may be required to defer, until the maturity date of such Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such Bond in excess of the aggregate amount of interest includable in such owner's gross income for the taxable year with respect to such Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Bond for the days during the taxable year on which the owner held the Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner of a Bond elects to include such market discount in income currently as described above.

Bond Premium

A purchaser of a Bond who purchases such Bond at a cost greater than its then principal amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Bonds held by the holder on the first day of the taxable year to which the election applies and to all Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of any Bonds who acquire such Bonds at a premium (or with acquisition premium) should consult with their own tax advisers with respect to the determination and treatment of amortizable premium for Federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

Sale or Redemption of Bonds

A bondowner's tax basis for a Bond is the price such owner pays for the Bond plus the amount of any market discount previously included in income and reduced on account of any payments received (other than payments of "qualified stated interest"). Gain or loss recognized on a sale, exchange or redemption of a Bond, measured by the difference between the amount realized and the Bond basis as so adjusted, will generally give rise to capital gain or loss if the Bond is held as a capital asset (except as discussed under "Market Discount" above). The legal defeasance of the Bonds may result in a deemed sale or exchange of such Bonds under certain circumstances, would result in the owners recognizing taxable gain or loss. Owners of the Bonds should consult their tax advisors as to the Federal income tax consequences of such an event.

Backup Withholding

A bondowner may, under certain circumstances, be subject to "backup withholding" with respect to interest on the Bonds. Currently, the rate is 28 percent (although the rate may change in the future). This withholding generally applies if the owner of a Bond (a) fails to furnish the Trustee or other payor with its taxpayer identification number; (b) furnishes the Trustee or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Trustee or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Non-U.S. Holders (as defined below). Owners of the Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

Medicare Surtax

Under recently enacted legislation, for taxable years beginning after December 31, 2012, an additional 3.8 percent tax will be imposed on the net investment income (which includes interest and gains from a disposition of a Bond) of certain individuals and trusts and estates. Prospective investors in the Bonds should consult their tax advisors regarding the possible applicability of this tax to an investment in the Bonds.

Non-U.S. Holders

The following discussion addresses only "Non-U.S. Holders," that is, beneficial owners of Bonds that are not U.S. Holders. For these purposes, "U.S. Holders" are beneficial owners of Bonds that are, for U.S. federal income tax purposes: (1) individual citizens or residents of the United States, (2) corporations or other business entities organized under the laws of the United States, any state thereof, or the District of Columbia, (3) estates with income subject to United States federal income tax regardless of its source or (4) trusts subject to primary supervision by a United States court and for which "United States persons" (within the meaning of the Code) control all substantial decisions, and certain other trusts that elect to be treated as United States persons.

General. Except for the possible application of U.S. federal withholding tax (as described below) and backup withholding (as described below), Non-U.S. Holders generally will not be subject to U.S. federal income tax on payments of principal of or interest on the Bonds, or on any gain realized from (or accrued interest, if any, treated as received in connection with) the sale, redemption, retirement at maturity or other disposition of the Bonds unless: (1) in the case of interest payments or disposition proceeds representing accrued interest, the Non-U.S. Holder cannot satisfy the requirements of the portfolio interest exception described below (and the Non-U.S. Holder's U.S. federal income tax liability

has not otherwise been fully satisfied through the U.S. federal withholding tax, as described above), (2) in the case of gain, the Non-U.S. Holder is an individual who is present in the United States for 183 or more days during the taxable year of the disposition, such gain is derived from sources within the United States and certain other specific conditions are met (in which case, except as otherwise provided by an applicable income tax treaty, the gain, which may be offset by United States source capital losses, generally will be subject to a flat 30 percent U.S. federal income tax, even though the disposing Non-U.S. Holder is not considered a resident alien under the Code), or (3) the interest or gain is effectively connected with the Non-U.S. Holder's conduct of a United States trade or business and, if required by an applicable income tax treaty, is attributable to a United States "permanent establishment" maintained by the Non-U.S. Holder (in which case (x) the interest or gain generally will be subject to U.S. federal income tax on a net basis at the regular graduated rates and in the manner applicable to a U.S. Holder and (y) a "branch profits tax" may be imposed at a 30 percent rate, or a lower rate under an applicable income tax treaty, on a non-U.S. corporation that has earnings and profits that are effectively connected with the conduct of a trade or business in the United States).

Portfolio Interest. A Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on payments of principal or interest on a Bond, under the "portfolio interest exception" of the Code provided that: (1) the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Code, (2) such interest is not effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States, and (3) the Non-U.S. Holder provides a signed written statement, on an Internal Revenue Service Form W-8BEN (or other applicable form) which can reliably be related to the Non-U.S. Holder, certifying under penalties of perjury that such Non-U.S. Holder is not a United States person within the meaning of the Code and providing the Non-U.S. Holder's name and address to (x) the issuer or the applicable paying agent or (y) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds Bonds on behalf of the Non-U.S. Holder and that certifies to the issuer or the applicable paying agent under penalties of perjury that it, or the bank or financial institution between it and the Non-U.S. Holder, has received from the Non-U.S. Holder a signed, written statement and provides the issuer or the applicable paying agent with a copy of this statement.

Effectively Connected Income. If a Non-U.S. Holder cannot satisfy the requirements of the portfolio interest exception, payments of interest made to such Non-U.S. Holder will be subject to 30 percent U.S. federal withholding tax unless the Non-U.S. Holder provides a properly executed (1) Internal Revenue Service Form W-8ECI (or other applicable form) stating that interest paid on the Bonds is not subject to U.S. federal withholding tax because it is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States, or (2) Internal Revenue Service Form W-8BEN (or other applicable form) claiming an exemption from or reduction in U.S. federal withholding tax under an applicable income tax treaty.

Backup Withholding. In addition, backup withholding may apply as explained above unless the Non-U.S. Holder of a Bond provides to the applicable withholding agent its taxpayer identification number and certain other information or certification of foreign or other exempt status. Any amount withheld under the backup withholding rules is allowable as a credit against the Non-U.S. Holder's actual U.S. federal income tax liability or in some circumstances may be refunded to such Non-U.S. Holder.

ERISA

The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation

with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bonds.

State Taxes

Special Tax Counsel is further of the opinion that, by virtue of the Act, the Bonds, the transfer thereof and the interest thereon are exempt from taxation by the State of Georgia and any of its political subdivisions.

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to Rule 15c2-12, MEAG Power will undertake to provide, for the benefit of registered owners and “Beneficial Owners” of the Bonds, on an annual basis, by not later than June 30 in each year commencing June 30, 2012, certain financial information and operating data relating to MEAG Power and each Major Participant (as defined in APPENDIX B hereto) (the “Annual Authority Report”), and to provide notices of the occurrence of certain enumerated events with respect to the Bonds (each, an “Event Notice”). The Annual Authority Report and each Event Notice will be filed by or on behalf of MEAG Power with the MSRB. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the MSRB’s EMMA website, currently located at <http://www.emma.msrb.org>. A form of the continuing disclosure agreement to be executed by MEAG Power in connection with the issuance and delivery of the Bonds (the “Continuing Disclosure Agreement”) is attached to this Official Statement as APPENDIX B and reference is hereby made to the form of such document for a full description of the continuing disclosure obligations of MEAG Power with respect to the Bonds.

The failure by MEAG Power to observe or perform any of its obligations under the Continuing Disclosure Agreement will not be deemed an Event of Default under the Project One Resolution or the General Resolution Projects Resolution. If MEAG Power fails to comply with any provision of the Continuing Disclosure Agreement, any registered owner or “Beneficial Owner” of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause MEAG Power to comply with its obligations under the Continuing Disclosure Agreement. However, the Continuing Disclosure Agreement will provide that no registered owner or Beneficial Owner of Bonds will have the right to challenge the content or the adequacy of the information contained in any Annual Authority Report or any notice of a material event by judicial proceedings unless the registered owners or Beneficial Owners representing at least 25 percent in aggregate principal amount of all Bonds then outstanding join in such proceedings.

One of the Participants, the City of East Point, did not have its audited or unaudited financial statements for its fiscal year ended June 30, 2007 completed by July 30, 2008, the date by which MEAG Power was scheduled to file such financial statements with each of the “Nationally Recognized Municipal Securities Information Repositories” (“NRMSIRs”) approved by the SEC pursuant to Rule 15c2-12 as of the date of such scheduled filing. As a result, MEAG Power did not file such financial statements on a timely basis. The audited financial statements were filed with the NRMSIRs on November 4, 2008.

As of the date of this Official Statement, MEAG Power has not failed to comply, in any material respect, with the continuing disclosure undertakings made by it pursuant to the provisions of Rule 15c2-12.

“Beneficial Owner” will be defined in the Continuing Disclosure Agreement to include any person holding a beneficial ownership interest in Bonds through nominees or depositories (including any person holding such interest through the book-entry only system of DTC), together with any other person who is intended to be a beneficiary under Rule 15c2-12 of the Continuing Disclosure Agreement. IF ANY PERSON SEEKS TO CAUSE MEAG POWER TO COMPLY WITH ITS OBLIGATIONS UNDER THE CONTINUING DISCLOSURE AGREEMENT, IT IS THE RESPONSIBILITY OF SUCH

PERSON TO DEMONSTRATE THAT IT IS A “BENEFICIAL OWNER” WITHIN THE MEANING OF THE CONTINUING DISCLOSURE AGREEMENT. As described in “BOOK-ENTRY ONLY SYSTEM” in APPENDIX A hereto, the Bonds will be issued only in book-entry form through the facilities of DTC, and the ownership of one or more fully registered Bonds for each Series and maturity, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. For a description of DTC’s current procedures with respect to the enforcement of bondholders’ rights, see “BOOK-ENTRY ONLY SYSTEM” in APPENDIX A hereto.

RATINGS

Standard & Poor’s, a subsidiary of The McGraw-Hill Companies, Inc. (“S&P”) has assigned a rating of “A+” and a stable ratings outlook to the 2012 Senior Bonds and a rating of “A” and a stable ratings outlook to the 2012 Subordinated Bonds.

Fitch Ratings (“Fitch”) has assigned a rating of “A+” and a stable ratings outlook to the 2012 Senior Bonds and the 2012 Subordinated Bonds.

Moody’s Investors Service (“Moody’s”) has assigned a rating of “A1” and a negative ratings outlook to the 2012 Senior Bonds and a rating of “A2” and a negative ratings outlook to the 2012 Subordinated Bonds.

The respective ratings by Moody’s, S&P and Fitch of the Bonds reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor’s, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings may have an adverse effect on the market price of the Bonds.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, who will render its opinions upon issuance of the Bonds in substantially the forms attached hereto as APPENDIX E. Orrick, Herrington & Sutcliffe LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement, nor does it express any opinion as to any tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Certain legal matters are subject to the approval of Peter M. Degan, Esq., General Counsel to MEAG Power, of Alston & Bird LLP, Atlanta, Georgia. Certain matters with respect to Federal and State of Georgia tax law will be passed upon for MEAG Power by Nixon Peabody LLP, Washington, D.C., Special Tax Counsel to MEAG Power, who will render its opinion upon issuance of the Bonds in substantially the form attached hereto as APPENDIX G.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates or projections, whether or not expressly so stated, are set forth as such and not as representations of fact and no representation is made that any of the estimates or projections will be realized.

The delivery of this Official Statement has been duly authorized by MEAG Power.

MUNICIPAL ELECTRIC AUTHORITY OF
GEORGIA

By: /s/ ROBERT P. JOHNSTON
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

BOOK-ENTRY ONLY SYSTEM

The Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Bonds. The 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 or more fully-registered bond certificates will be issued for the Bonds of each Series and maturity, in the aggregate principal amount thereof, and will be deposited with the Trustee on behalf of DTC.

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

SO LONG AS CEDE & CO. (OR ANY OTHER NOMINEE REQUESTED BY DTC) IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OR OWNERS OF THE BONDS SHALL MEAN CEDE & CO. (OR SUCH OTHER NOMINEE), AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration

in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

MEAG Power, the Trustee, the Bond Registrar or the Certificate Registrar, as applicable, and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of: payment of the principal or redemption price of or interest on the Bonds; selecting Bonds and portions thereof to be redeemed; giving any notice permitted or required to be given to Holders under the Project One Resolution, the General Resolution Projects Resolution, the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as the case may be, including any notice of redemption; registering the transfer of Bonds; obtaining any consent or other action to be taken by Holders; and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. MEAG Power, the Trustee, the Bond Registrar or the Certificate Registrar, as applicable, and the Paying Agent shall not have any responsibility or obligation to any Direct Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Direct Participant, or any other person which is not shown on the registration books of MEAG Power (kept by the Bond Registrar or the Certificate Registrar, as applicable) as being a Holder, with respect to: the accuracy of any records maintained by DTC or any Direct or Indirect Participant regarding ownership interests in the Bonds; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal or redemption price of or interest on the Bonds; the delivery to any Direct or Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to Holders under the Project One Resolution, the General Resolution Projects Resolution, the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as the case may be, including any notice of redemption; the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds of a particular Series and maturity; or any consent given or other action taken by DTC as a Holder of the Bonds.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 securities, such as the Bonds, are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Except as described below, neither DTC nor Cede & Co. nor any other nominee of DTC will take any action to enforce covenants with respect to any security registered in the name of Cede & Co. or any other nominee of DTC. Under its current procedures, on the written instructions of a Direct Participant given in accordance with DTC's Procedures, DTC will cause Cede & Co. to sign a demand to exercise certain bondholder rights. In accordance with DTC's current procedures, Cede & Co. will sign such document only as record holder of the quantity of securities referred to therein (which is to be specified in the Direct Participant's request to DTC for such document) and not as record holder of all the securities of that issue registered in the name of Cede & Co. Also, in accordance with DTC's current procedures, all factual representations to the issuer, the trustee or any other party to be made by Cede & Co. in such document must be made to DTC and Cede & Co. by the Direct Participant in its request to DTC.

For so long as the Bonds of a particular Series are issued in book-entry form through the facilities of DTC, any Beneficial Owner desiring to cause MEAG Power or the Trustee to comply with any of its obligations with respect to the Bonds of such Series must make arrangements with the Direct Participant or Indirect Participant through whom such Beneficial Owner's ownership interest in the Bonds of such Series is recorded in order for the Direct Participant in whose DTC account such ownership interest is recorded to make the request of DTC described above.

NEITHER MEAG POWER NOR THE TRUSTEE WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF THE BONDS, THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

Principal or redemption price of and interest on the Bonds will be paid 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 MEAG Power or the Trustee on 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, MEAG Power or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, 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.

As long as the book-entry system is used for the Bonds of a particular Series, the Trustee will give any notice of redemption or any other notices required to be given to Holders of such Bonds only to DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant, or of any Direct or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for such redemption, or of any other action premised on such notice.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Project One Resolution, the General Resolution Projects Resolution, the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as the case may be. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

As long as the book-entry system is used for the Bonds of a particular Series, redemption notices for the Bonds of such Series shall be sent only to DTC. If less than all of the Bonds of a particular Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds of such Series and maturity to be redeemed. However, MEAG Power understands that, in the case of a partial redemption of taxable bonds of a particular issue maturing on a particular date that are subject to *pro rata* pass-through distribution of principal redemption (such as the Bonds), DTC will reduce the position of each Direct Participant to whose DTC account the taxable bonds of such issue and maturity are credited on a *pro rata* pass-through distribution of principal basis, subject to the authorized denominations. In addition, MEAG Power understands that, in such case, Direct Participants and Indirect Participants to whose accounts interests in such taxable bonds are credited also will reduce the positions of the persons owning beneficial interests in such taxable bonds on a *pro rata* pass-through distribution of principal basis, subject to the authorized denominations. Neither MEAG

Power nor the Trustee can provide any assurance that DTC, the Direct Participants or the Indirect Participants will allocate redemptions of the Bonds among Beneficial Owners on such a *pro rata* pass-through distribution of principal basis.

NEITHER MEAG POWER, THE TRUSTEE, THE PAYING AGENT NOR THE BOND REGISTRAR OR THE CERTIFICATE REGISTRAR, AS APPLICABLE, WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

For every transfer and exchange of a beneficial ownership interest in the Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Discontinuation of the Book-Entry-Only System. DTC may discontinue providing its services as depository with respect to the Bonds of any Series at any time by giving reasonable notice to MEAG Power or the Trustee. In addition, if MEAG Power determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds of a particular Series, or (ii) continuation of the system of book-entry-only transfers through DTC is not in the best interests of the Beneficial Owners of the Bonds of such Series or of MEAG Power, MEAG Power may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Bonds of such Series. Upon the resignation of DTC or determination by MEAG Power that DTC is unable to discharge its responsibilities, MEAG Power may, within 90 days, appoint a successor depository. If no such successor is appointed or MEAG Power determines to discontinue the book-entry-only system, Bond certificates will be printed and delivered. Transfers and exchanges of Bonds shall thereafter be made as provided in the Project One Resolution, the General Resolution Projects Resolution, the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as applicable.

If the book-entry-only system is discontinued with respect to the Bonds of a particular Series, the persons to whom Bond certificates are delivered will be treated as “Holders” for all purposes of the Project One Resolution, the General Resolution Projects Resolution, the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as the case may be, including without limitation the payment of principal or redemption price of, and interest on, the Bonds of such Series, the redemption of the Bonds of such Series and the giving to MEAG Power or the Trustee of any notice, consent, request or demand pursuant to the Project One Resolution, the General Resolution Projects Resolution, the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as the case may be, for any purpose whatsoever. In such event, principal or redemption price of, and interest on, the Bonds of such Series will be payable as described under the caption “DESCRIPTION OF THE BONDS – General” in the Official Statement to which this APPENDIX A is attached.

Portions of the foregoing concerning DTC and DTC’s book-entry system are based on information furnished by DTC to MEAG Power. No representation is made herein by MEAG Power as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date of the Official Statement to which this APPENDIX A is attached.

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

Upon the delivery of the Bonds, MEAG Power proposes to enter into a Continuing Disclosure Agreement with respect to such Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

relating to

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

**POWER REVENUE BONDS, TAXABLE SERIES FOUR,
GENERAL POWER REVENUE BONDS, TAXABLE 2012A SERIES,
PROJECT ONE SUBORDINATED BONDS, TAXABLE SERIES 2012A AND
GENERAL RESOLUTION PROJECTS SUBORDINATED BONDS, TAXABLE SERIES 2012A**

This Continuing Disclosure Agreement (the “*Disclosure Agreement*”), dated as of January __, 2012, is executed and delivered by the MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA (the “*Authority*”) and THE BANK OF NEW YORK MELLON, as Trustee under the Resolutions hereinafter referred to (the “*Trustee*”), for (i) \$100,650,000 aggregate principal amount of the Authority’s Power Revenue Bonds, Taxable Series Four (the “*Project One Taxable Series Four Senior Bonds*”), being issued by the Authority under the Power Revenue Bond Resolution adopted by the Authority on August 30, 1976, as supplemented, amended and restated (the “*Project One Resolution*”), including as supplemented by the Thirty-Fifth Supplemental Power Revenue Bond Resolution adopted by the Authority on December 30, 2011, authorizing the issuance of the Project One Taxable Series Four Senior Bonds, (ii) \$58,040,000 aggregate principal amount of the Authority’s General Power Revenue Bonds, Taxable 2012A Series (the “*General Resolution Projects Taxable 2012A Series Senior Bonds*”), being issued by the Authority under the General Power Revenue Bond Resolution adopted by the Authority on March 22, 1978 and readopted on April 19, 1978, as supplemented, amended and restated (the “*General Resolution Projects Resolution*”), including as supplemented by the Nineteenth Supplemental General Power Revenue Bond Resolution adopted by the Authority on December 30, 2011, authorizing the issuance of the General Resolution Projects Taxable 2012A Series Senior Bonds, (iii) \$59,575,000 aggregate principal amount of the Authority’s Project One Subordinated Bonds, Taxable Series 2012A (the “*Project One Taxable Series 2012A Subordinated Bonds*”), being issued by the Authority under the Project One Subordinated Bond Resolution adopted by the Authority on October 20, 1982, as amended and supplemented (the “*Project One Subordinated Resolution*”), including as supplemented by the Thirty-Ninth Supplemental Project One Subordinated Bond Resolution adopted by the Authority on December 30, 2011, authorizing the issuance of the Project One Taxable Series 2012A Subordinated Bonds and (iv) \$81,160,000 aggregate principal amount of the Authority’s General Resolution Projects Subordinated Bonds, Taxable Series 2012A (the “*General Resolution Projects Taxable Series 2012A Subordinated Bonds*”), being issued by the Authority under the General Resolution Projects Subordinated Bond Resolution adopted by the Authority on November 1, 1985, as amended and supplemented (the “*General Resolution Projects Subordinated Resolution*”), including as supplemented by the Eighteenth Supplemental General Resolution Projects Subordinated Bond Resolution adopted by the Authority on December 30, 2011, authorizing the issuance of the General Resolution Projects Taxable Series 2012A Subordinated Bonds. The Project One Taxable Series Four Senior Bonds, the General Resolution Projects Taxable 2012A Series Senior Bonds, the Project One Taxable Series 2012A Subordinated Bonds and the General Resolution Projects Taxable Series 2012A Subordinated Bonds are collectively referred to herein as the “*Bonds*”, and the Project One Resolution, the General Resolution Projects Resolution, the Project One Subordinated Resolution and the General Resolution Projects

Subordinated Resolutions are collectively referred to herein as the “**Resolutions.**” In connection with the issuance and sale of the Bonds, the Authority and the Trustee covenant and agree as follows:

SECTION 1. Definitions. Except as otherwise defined herein (including the recitals hereto), capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Resolutions. In addition, the following capitalized terms shall have the following meanings:

“**Annual Authority Financial Information**” shall mean (a) updated versions of the operating and financial data with respect to the Authority contained:

- (i) under the following headings in the Annual Information Statement – 2010:
 - a. “MEAG POWER – Bulk Power Supply Operations” – the information contained in the table on recorded investments under the subcaption “*General*”; the information under the tables under the subcaption “*Supplemental Bulk Power Supply*”; and the information contained in the fourth paragraph under the subcaption “*The Energy Authority*”;
 - b. “MEAG POWER – Transactions with Other Utilities” – annual amounts of capacity and energy sold and purchased of the type set forth and related costs and revenues;
 - c. “SUMMARY OF SELECTED FINANCIAL AND OPERATING DATA” – the information in the table under this caption;
 - d. “CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program” – the table entitled “Summary of Annual Debt Service Requirements on Outstanding Bonds”;
 - e. “THE PARTICIPANTS – Generation and Transmission Entitlement Shares – Project One” – the information in the table under this caption;
 - f. “THE PARTICIPANTS – Obligation Shares of the Participants – Existing General Resolution Projects” – the information in the table under this caption;
 - g. “THE PARTICIPANTS – Obligation Shares of the Participants – CC Project” – the information in the tables under this caption;
 - h. “THE PARTICIPANTS – Obligation Shares of the Participants – Vogtle Units 3&4 Projects” – the information in the table under this caption; and
 - i. “THE PARTICIPANTS – Obligation Shares of the Participants – Telecommunications Project” – the information in the table under this caption; and
- (ii) under the following captions in the Consulting Engineer’s Letter that is attached to the Annual Information Statement – 2010 as APPENDIX B:
 - a. The table entitled “MEAG Power’s Capacity Ownership in Projects One, Two, Three and Four and Capacity Sales to GPC”;
 - b. “MEAG POWER – HISTORICAL AND PROJECTED DEMAND AND ENERGY REQUIREMENTS” – the historical information in the first table under this caption;
 - c. “FACILITIES INCLUDED IN PROJECTS ONE, TWO, THREE AND FOUR – GENERATION FACILITIES” – the Unit Ratings for each of Plant Hatch, Plant Wansley, Scherer Units 1 and 2, and Plant Vogtle Units 1 and 2; and

- d. “FACILITIES INCLUDED IN PROJECTS ONE, TWO, THREE AND FOUR – OTHER MATTERS RELATED TO FACILITIES – *Coal Purchases*” – the information on the coal stockpiles; and

(b) Audited Authority Financial Statements, if available, or Unaudited Authority Financial Statements. The descriptions contained in clause (a) above of financial and operating data constituting Annual Authority Financial Information are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Annual Authority Financial Information containing modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of operating data or financial information being provided.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt or other securities issues of the Authority or related public entities, which have been submitted to the MSRB or filed with the SEC pursuant to the Exchange Act. If the document included by reference is a final official statement (as defined in the Rule), it must be available from the MSRB. The Authority shall clearly identify each such other document so included by reference.

“***Annual Authority Report***” shall mean the annual report provided by the Authority pursuant to Section 3 hereof, containing the Annual Authority Financial Information.

“***Annual Financial Information***” shall mean, collectively, Annual Authority Financial Information and Annual Major Participant Financial Information.

“***Annual Information Statement – 2010***” shall mean the Annual Information Statement dated June 29, 2011 of the Authority filed with the MSRB, certain information from which is included by specific reference in the Final Official Statement.

“***Annual Major Participant Financial Information***” shall mean, for each Major Participant, (a) information comparable to information set forth in the tables contained in Appendix C to the Annual Information Statement – 2010 based on the most recent annual report received from such Major Participant pursuant to its Participant Agreement, and (b) Audited Major Participant Financial Statements, if available, or Unaudited Major Participant Financial Statements, provided by such Major Participant pursuant to its Participant Agreement.

“***Audited Authority Financial Statements***” shall mean the Authority’s audited financial statements for its most recent Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or such other accounting standards or principles as may be applicable to the Authority).

“***Audited Financial Statements***” shall mean, collectively, the Audited Authority Financial Statements and the Audited Major Participant Financial Statements.

“***Audited Major Participant Financial Statements***” shall mean the audited financial statements of each Major Participant for its most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or such other accounting standards or principles as may be applicable to the Major Participants).

“Authority Fiscal Year” shall mean the fiscal year of the Authority, currently January 1 to December 31. The Authority shall promptly notify the MSRB in writing of any change in its fiscal year as provided in Section 3 hereof.

“Beneficial Owner” shall mean any person holding a beneficial ownership in Bonds through nominees or depositories (including any person holding such interest through the book-entry-only system of The Depository Trust Company), together with any person who is intended to be a beneficiary under the Rule of this Agreement.

“Disclosure Representative” shall mean the President and Chief Executive Officer of the Authority or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“Exchange Act” shall mean the Securities and Exchange Act of 1934, as amended.

“Final Official Statement” shall mean the Official Statement of the Authority, dated December 30, 2011, relating to the Bonds, as amended or supplemented.

“Listed Events” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Agreement.

“Major Participant” shall mean each Participant that satisfies at least 2 of the following 5 criteria: (a) pursuant to its Project One Power Sales Contract, has a Project One Generation Entitlement Share of 3% or greater, (b) pursuant to its Project Four Power Sales Contract, has a Project Four Obligation Share of 3% or greater, (c) as of January 1 of any year during which the Bonds are outstanding, has a Project One Budgeted Transmission Entitlement Share of 3% or greater, (d) as of January 1 of any year during which the Bonds are outstanding, has a Project Two Obligation Share of 3% or greater and (e) as of January 1 of any year during which the Bonds are outstanding, has a Project Three Obligation Share of 3% or greater. As of the date hereof, the Major Participants and the current dates of the ending of their respective fiscal years are as follows: (i) Albany, fiscal year-end June 30; (ii) Calhoun, fiscal year-end June 30; (iii) Cartersville, fiscal year-end June 30; (iv) College Park, fiscal year-end June 30; (v) Covington, fiscal year-end June 30; (vi) Crisp County, fiscal year-end June 30; (vii) East Point, fiscal year-end June 30; (viii) Griffin, fiscal year-end June 30; (ix) LaGrange, fiscal year-end June 30; (x) Lawrenceville, fiscal year-end August 31; (xi) Marietta, fiscal year-end June 30; (xii) Moultrie, fiscal year-end September 30; (xiii) Sylvania, fiscal year-end December 31; and (xiv) Thomasville, fiscal year-end December 31.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participant Agreement” shall mean a letter agreement between the Authority and a Participant with respect to the filing by the Participant with the Authority each year of financial statements and other information concerning the Participant.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Quarterly Participant Report” shall mean the quarterly report provided by the Authority pursuant to Section 3 hereof, containing the Annual Major Participant Financial Information for those Major Participants required to file an annual report with the Authority during the applicable calendar quarter under the terms of the Participant Agreements.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Exchange Act, as the same may be amended from time to time.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Unaudited Authority Financial Statements” and **“Unaudited Major Participant Financial Statements”** shall mean the same as the Audited Authority Financial Statements and Audited Major Participant Financial Statements, respectively, except that they shall not have been audited.

SECTION 2. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule. The Authority and each of the Participants are “obligated persons” within the meaning of the Rule, and, prior to the execution and delivery of this Disclosure Agreement, the Authority and certain of the Participants have entered into Participant Agreements with respect to the Bonds and other obligations issued by the Authority hereafter for which such Participants are obligated persons within the meaning of the Rule.

SECTION 3. Provision of Annual Authority Report and Quarterly Participant Reports; Notices to be Filed by the Authority. (a) The Authority shall, or shall cause the Dissemination Agent to, (i) not later than six months after the end of each Authority Fiscal Year (each such date being referred to herein as an **“Annual Submission Date”**), commencing with the Authority Fiscal Year ending December 31, 2011, provide to the MSRB the Annual Authority Report for such Authority Fiscal Year, and (ii) not later than February 1, May 1, August 1 and November 1 of each year (each such date being referred to herein as a **“Quarterly Submission Date”**), commencing February 1, 2012, provide to the MSRB the Quarterly Participant Report containing the Annual Major Participant Financial Information for those Major Participants, if any, that are required to provide such information to the Authority pursuant to the Participant Agreements since the last Quarterly Submission Date. If no Major Participants are required to provide Annual Major Participant Financial Information during such period, the Authority shall provide to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent), on or prior to the Preliminary Quarterly Submission Date referred to in paragraph (c) of this Section, a notice in the form of Exhibit “B” attached hereto, stating that no Quarterly Participant Report is required to be submitted for the applicable Quarterly Submission Date.

Notwithstanding the foregoing, in the event any Major Participant fails to provide to the Authority its Annual Major Participant Financial Information or any portion thereof as and when required under the terms of the Participant Agreement, the failure by the Authority to provide its Quarterly Participant Report, or portion thereof relating to such Major Participant, to the MSRB by the applicable Quarterly Submission Date shall not constitute a default hereunder, so long as (i) the Authority certifies to the Trustee and the Dissemination Agent that it is diligently pursuing the collection of such Annual Major Participant Financial Information from other sources available to it and is pursuing all of its rights and remedies under the Participant Agreement to collect such information from such Major Participant, and (ii) such Quarterly Participant Report, or portion thereof relating to such Major Participant, is actually submitted to the MSRB by the Authority (or by the Dissemination Agent, on behalf of the Authority) on or prior to the 180th day following the Quarterly Submission Date on which such report (or portion thereof) was originally required to be submitted to the MSRB hereunder.

(b) The Annual Authority Report and the Quarterly Participant Reports must each be submitted to the MSRB and may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided herein; provided that the Audited Authority Financial Statements may be submitted separately from the balance of the Annual Authority Report and later than the Annual Submission Date if they are not available by such date, and the Audited Major Participant Financial Statements may be submitted separately from the balance of the Quarterly Participant Report and later than the Quarterly Submission Date if they are not available by such date.

(c) (i) Not later than fifteen (15) business days prior to each Annual Submission Date (each such date being referred to herein as a “**Preliminary Annual Submission Date**”), the Authority shall provide the Annual Authority Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent), together with a certificate of the Authority on which the Dissemination Agent and the Trustee may conclusively rely that such report contains the information required herein, and (ii) not later than fifteen (15) business days prior to each Quarterly Submission Date (each such date being referred to herein as a “**Preliminary Quarterly Submission Date**”), the Authority shall provide the Quarterly Participant Report (or a notice that no such report is required, as set forth in paragraph (a) of this Section) to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent), together with a certificate of the Authority on which the Dissemination Agent and the Trustee may conclusively rely that such report contains the information required herein. If by a Preliminary Annual Submission Date for any Annual Authority Report or a Preliminary Quarterly Submission Date for a Quarterly Participant Report, the Trustee has not received a copy of the applicable report, the Trustee shall contact the Authority and the Dissemination Agent to determine if the Authority is in compliance with subsection (a) of this Section.

(d) The Authority shall promptly provide to the Trustee written notice of any of the following: (i) any change in the Authority Fiscal Year, (ii) the addition or deletion of any Major Participant, and (iii) any change in the fiscal year of any Major Participant.

SECTION 4. Obligations of the Dissemination Agent and Trustee with Respect to Annual Authority Reports and Quarterly Participant Reports. (a) The Dissemination Agent shall (i) file the Annual Authority Report and Quarterly Participant Report received from the Authority with the MSRB on or before each Annual Submission Date and Quarterly Submission Date, respectively, and (ii) file a report with the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Authority Report or the Quarterly Participant Report, as the case may be, has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

(b) If the Trustee is unable to verify that an Annual Authority Report has been provided to the MSRB by the applicable Annual Submission Date, or that a Quarterly Participant Report has been provided to the MSRB by the applicable Quarterly Submission Date, the Trustee shall in a timely manner send a notice to such effect to the MSRB in substantially the form attached as hereto as Exhibit “A”.

SECTION 5. Reporting of Significant Events. (a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes; or

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 5(a)(v), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Bond holders;

(iii) Unscheduled or contingent Bond calls;

(iv) Release, substitution, or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Trustee shall, within one (1) business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Authority promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (g) of this Section.

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b), whether because of a notice from the Trustee pursuant to subsection (c) of this Section or

otherwise, the Authority shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If the Authority learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Authority shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence of such Listed Event within ten (10) business days of its occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Project One Resolution, the General Resolution Projects Resolution, the Project One Subordinated Resolution or the General Resolution Projects Subordinated Resolution, as the case may be.

(f) Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in Section 5(a) shall be given by the Trustee unless the Authority gives the Trustee affirmative instructions not to disclose such occurrence.

(g) If, in response to a request under subsection (c) of this Section, the Authority determines that the Listed Event described in Section 5(b) is not material under applicable federal securities laws, the Authority shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (e) of this Section.

SECTION 6. *Format for Filings with MSRB.* Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. *Management's Discussion of Annual Financial Information or Significant Events.* If any item of Annual Financial Information reported in an Annual Authority Report or a Quarterly Participant Report, or disclosed as a Listed Event under Section 5 hereof, would be misleading without discussion, the Authority additionally shall provide a statement clarifying the disclosure in order that the statement made will not be misleading in the light of the circumstances under which it is made.

SECTION 8. *Termination of Reporting Obligation.* The Authority's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, in the event that the Rule shall be amended, modified or repealed such that compliance by the Authority with its obligations under this Disclosure Agreement shall no longer be required, then the Authority's obligations under this Disclosure Agreement shall terminate. If either such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in a filing with the MSRB.

SECTION 9. *Dissemination Agent.* The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

SECTION 10. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Authority), and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to both the Authority and the Trustee, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule. If any amendment to this Disclosure

Agreement relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in a filing with the MSRB.

SECTION 11. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating, or require the Authority to disseminate, any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Authority Report, Quarterly Participant Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Authority Report, Quarterly Participant Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Authority Report, Quarterly Participant Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 12. Default. (a) In the event of a failure by the Authority to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Holders of at least 25% in aggregate principal amount of the Bonds then outstanding and receipt of indemnity for its costs, shall), or any Holder or Beneficial Owner of any Bond may, take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement.

(b) In the event of a failure by the Dissemination Agent to perform or comply with any of its duties under this Disclosure Agreement, the Authority or any Holder or Beneficial Owner of any Bond may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Dissemination Agent to comply with its obligations under this Disclosure Agreement.

(c) Notwithstanding the foregoing, no Holder or Beneficial Owner of any Bonds shall have the right to challenge the content or adequacy of the information provided in any Annual Authority Report, Quarterly Participant Report or notice of a Listed Event under this Disclosure Agreement by mandamus, specific performance or other equitable proceedings unless the Holders or Beneficial Owners of at least 25% in aggregate principal amount of the Bonds then outstanding shall join in such proceedings.

(d) A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolutions, and the sole remedies under this Disclosure Agreement in the event of any failure of the Authority or the Dissemination Agent to comply with this Disclosure Agreement shall be those described in this Section.

(e) Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Authority or the Dissemination Agent to comply with this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article IX of the Project One Resolution, Article IX of the General Resolution Projects Resolution, Article IX of the Project One Subordinated Resolution and Article IX of the General Resolution Projects Subordinated Resolution are hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Resolutions. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement and the Authority agrees to indemnify and save the Dissemination Agent and the Trustee and their respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending

against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent or the Trustee, as the case may be. The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care. Any expenses of hiring such agent shall be reimbursed by the Authority.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. Governing Law. This Disclosure Agreement shall be deemed to be a contract made under the laws of the State of Georgia, and for all purposes shall be construed and interpreted in accordance with, and its validity governed by, the laws of such State.

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Disclosure Agreement to be duly executed by their respective authorized officers or agents as of the day and year first above written.

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____
Title:

**THE BANK OF NEW YORK MELLON,
as Trustee**

By: _____
Title:

EXHIBIT A

**NOTICE OF FAILURE TO FILE [ANNUAL AUTHORITY REPORT]
[QUARTERLY PARTICIPANT REPORT]**

Name of Issuer: Municipal Electric Authority of Georgia
Name of Bond Issue: \$100,650,000 Power Revenue Bonds, Taxable Series Four
\$58,040,000 General Power Revenue Bonds, Taxable 2012A Series
\$59,575,000 Project One Subordinated Bonds, Taxable Series 2012A
\$81,160,000 General Resolution Projects Subordinated Bonds, Taxable Series 2012A
Date of Issuance: January __, 2012

NOTICE IS HEREBY GIVEN that the Municipal Electric Authority of Georgia (the “**Authority**”) has not provided [an Annual Authority Report] [a Quarterly Participant Report] with respect to the above-referenced bonds (the “**Bonds**”) as required by Section 3(a) of the Continuing Disclosure Agreement, dated as of January __, 2012, between the Authority and The Bank of New York Mellon, as trustee (the “**Trustee**”), relating to the Bonds. [The Authority has advised the undersigned Trustee that the Authority anticipates that the [Annual Authority Report] [Quarterly Participant Report] will be filed by ____ .]

Dated:

THE BANK OF NEW YORK MELLON,
as Trustee

cc: Municipal Electric Authority of Georgia

EXHIBIT B

NOTICE IN LIEU OF QUARTERLY PARTICIPANT REPORT

The Bank of New York Mellon, as Trustee
900 Ashwood Parkway, N.W.
Suite 425
Atlanta, Georgia 30338

Re: \$100,650,000 Power Revenue Bonds, Taxable Series Four
\$58,040,000 General Power Revenue Bonds, Taxable 2012A Series
\$59,575,000 Project One Subordinated Bonds, Taxable Series 2012A
\$81,160,000 General Resolution Projects Subordinated Bonds, Taxable Series 2012A

Quarterly Submission Date:

The undersigned, Municipal Electric Authority of Georgia (the “**Authority**”), hereby certifies, pursuant to Section 3(a) of that certain Continuing Disclosure Agreement, dated as of January __, 2012 (the “**Disclosure Agreement**”), between the Authority and The Bank of New York Mellon, as trustee, relating to the above-referenced bonds (the “**Bonds**”), that no Major Participants were required to submit Annual Major Participant Financial Information to the Authority during the period commencing with the last Quarterly Submission Date and ending on the Quarterly Submission Date specified above, and therefore the Authority is not required under the terms of the Disclosure Agreement to provide to the MSRB a Quarterly Participant Report with respect to the Bonds for the Quarterly Submission Date set forth above.

**MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA**

By: _____
Title:

**SUMMARY OF PROJECT ONE RESOLUTION
AND GENERAL RESOLUTION PROJECTS RESOLUTION,
AS AMENDED BY AMENDING RESOLUTIONS**

The following is a general summary of certain provisions of the Project One Resolution, as amended by the Amended and Restated Project One Resolution (as so amended, the “Amended Project One Resolution”) and the General Resolution Projects Resolution, as amended by the Amended and Restated General Resolution Projects Resolution (as so amended, the “Amended General Resolution Projects Resolution” and, together with the Amended Project One Resolution, the “Amended Resolutions”). A summary of the amendments to the Project One Resolution and the General Resolution Projects Resolution, respectively, that are set forth in the Amendatory Supplemental Resolutions is also included herein under the caption “Amendatory Supplemental Resolutions” below. Summaries of certain definitions are set forth in this APPENDIX C under the caption “Definitions.” Capitalized terms not otherwise defined in this APPENDIX C or defined in the Official Statement to which this APPENDIX C is attached shall be as defined in the Amended Resolutions.

The amendment and restatement of the respective Resolutions provided for in the Amended and Restated Resolutions will not become effective until the earlier of (a) the date on which all bonds outstanding under the applicable Resolution at December 16, 2011 (the date of adoption of the Amended and Restated Resolutions) cease to be outstanding thereunder and (b) the filing with the Trustee of written consents thereto of the holders of at least two-thirds in principal amount of such Senior Bonds then outstanding.

The amendments to the respective Resolutions provided for in the Amendatory Supplemental Resolutions will not become effective until the date on which all Senior Bonds outstanding under the applicable Resolution at December 16, 2011 (the date of adoption of the Amendatory Supplemental Resolutions) cease to be outstanding thereunder.

Except as otherwise described herein, the amendments contained in the Amending Resolutions, respectively, will apply to all Senior Bonds then outstanding under the applicable Resolution, including any outstanding Project One Taxable Series Four Senior Bonds or General Resolution Projects Taxable 2012A Senior Bonds, as applicable, and will be binding upon the holders thereof.

For a description of certain provisions of the Project One Resolution and the General Resolution Projects Resolution as currently in effect, see “SUMMARY OF PROJECT ONE RESOLUTION AND GENERAL RESOLUTION PROJECTS RESOLUTION” in Appendix F to the Annual Information Statement.

Pledge Effected by the Amended Resolutions

The Trust Estate under the Amended Project One Resolution is pledged by the Amended Project One Resolution to payment of principal of and interest and redemption premium on Project One Senior Bonds of all series, subject to the provisions of the Amended Project One Resolution permitting application for other purposes. Amounts on deposit in any separate sub-account established in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Amended Project One Resolution, including the investments, if any, thereof, is pledged as additional security for the payment of principal or sinking fund Redemption Price, if any, of, and interest on, the Project One Senior Bonds of

each Additionally Secured Series secured thereby, subject to the provisions of the Amended Project One Resolution permitting application for other purposes.

The Trust Estate under the Amended General Resolution Projects Resolution is pledged by the Amended General Resolution Projects Resolution to payment of principal of and interest and redemption premium on General Resolution Projects Senior Bonds of all series, subject to the provisions of the Amended General Resolution Projects Resolution permitting application for other purposes. Amounts on deposit in any separate sub-account established in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Amended General Resolution Projects Resolution, including the investments, if any, thereof, is pledged as additional security for the payment of principal or sinking fund Redemption Price, if any, of, and interest on, the General Resolution Projects Senior Bonds of each Additionally Secured Series secured thereby, subject to the provisions of the Amended General Resolution Projects Resolution permitting application for other purposes.

Application of Revenues

For the application of Revenues, each of the Amended Resolutions establishes a Revenue and Operating Fund and a Reserve and Contingency Fund, held by MEAG Power, and a Debt Service Fund and a Subordinated Bond Fund, held by the Trustee.

With respect to the Amended Project One Resolution, the Trustee and MEAG Power may deposit moneys in such Funds in banks or trust companies (“Depositaries”). All moneys held under the Amended Project One Resolution by the Trustee or any Depositary must be either (1) (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by the lodging with the Trustee or any Federal Reserve Bank, as collateral security, Collateral Securities having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (2) held in such other manner as may then be required by applicable laws and regulations; *provided, however*, that it is not necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys held in trust with them and set aside by them for the payment of the principal or Redemption Price of or interest on any Project One Senior Bonds, or for the Trustee or any Depositary to give security for any moneys which are represented by Investment Securities purchased as an investment of such moneys. The foregoing is the same for moneys held under the Amended General Resolution Projects Resolution.

All Revenues received under the Amended Project One Resolution are deposited promptly in the Project One Revenue and Operating Fund. Amounts in the Project One Revenue and Operating Fund are paid out from time to time for application therefrom as follows:

1. Amounts in the Revenue and Operating Fund shall be paid out from time to time for reasonable and necessary Operating Expenses.

2. No later than the last business day of each month, amounts shall be withdrawn from the Revenue and Operating Fund and deposited in the following Funds and Accounts in the following order in the amounts set forth below:

- (1) In the Debt Service Fund (i) for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service; and (ii) for credit to each separate sub-account in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such sub-account shall equal the Debt Service Reserve Requirement related thereto, including, without limitation, any amount required to reimburse the issuer of a Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty (or, if the amount on deposit in the Revenue and Operating Fund shall not be sufficient to make the deposits

required to be made pursuant to this clause (ii) with respect to all of the separate sub-accounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue and Operating Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such sub-account); *provided, however*, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all outstanding Project One Senior Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Fund (see “Debt Service Reserve Accounts – *Deposit of Financial Guaranty*” below for a discussion of the ability to deposit a Financial Guaranty in any separate sub-account in the Debt Service Reserve Account);

(2) In the Subordinated Bond Fund, such amounts as shall be required to pay principal or sinking fund installments of and interest on each issue of Project One Subordinated Bonds and reserves therefor, as required by the supplemental resolution authorizing such issue of Project One Subordinated Bonds; and

(3) In the Reserve and Contingency Fund for credit to (i) the Renewal and Replacement Account in said Fund the amount equal to (A) one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the total amount provided in the then current Annual Budget to be deposited in said Account during the then current calendar year of (B) the amount equal to ten percent of the Debt Service with respect to all series of Project One Senior Bonds accruing during such month, whichever is greater; (ii) the Decommissioning Account in said Fund the amount equal to one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the total amount provided in the then current Annual Budget to be deposited in said Account during the then current calendar year; and (iii) the Reserve Account in said Fund the amount, if any, necessary to make up, within a period not exceeding 24 months, any deficiency in the requirement of said Account as shall be set forth in the then current Annual Budget; *provided, however*, that such requirement shall at least equal one-half of one percent of the principal amount of all Project One Senior Bonds theretofore issued to finance the Cost of Acquisition and Construction of facilities of Project One that shall have been placed in commercial operation and shall not have been retired from service prior to the first day of such month;

provided, however, no amount in the Revenue and Operating Fund shall be applied to any purpose other than payment of Operating Expenses unless after such application the amount remaining in the Revenue and Operating Fund is at least equal to the “Working Capital Requirement for Operating Expenses.” The term “Working Capital Requirement for Operating Expenses” is defined in the Amended Project One Resolution to mean such dollar amount as MEAG Power shall establish from time to time, which at any time shall not be less than the amount of Operating Expenses that are budgeted to accrue over the next succeeding 45 days. (Funds for decommissioning are being held apart from the Decommissioning Account in a separate trust pursuant to federal requirements. See “MEAG POWER – Regulation” in the Annual Information Statement.)

Amounts in the Renewal and Replacement Account are applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to Project One necessary, in the opinion of MEAG Power, to keep the same in good operating condition or to prevent a loss of revenues therefrom, or required by any governmental agency having jurisdiction over Project One or any part thereof or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any contract to which MEAG Power is a party relating to ownership of Project One or any part thereof.

There is accumulated in the Decommissioning Account as provided by the Annual Budget a reserve for the retirement from service, decommissioning or disposal of the generation facilities of Project One. Amounts in such Account are applied as needed for such purposes.

Amounts in the Reserve Account are applied to the costs of major renewals, replacements, repairs, additions, betterments, and improvements with respect to Project One, to the extent amounts in the Renewal and Replacement Account are not sufficient therefor, and to the payment of extraordinary operation and maintenance costs, and contingencies.

If at any time the amount in the Debt Service Account is less than the amount required by the Amended Project One Resolution or the amount in any separate sub-account in the Debt Service Reserve Account is less than the Debt Service Reserve Requirement related thereto, then MEAG Power, upon requisition by the Trustee, shall transfer from the Reserve and Contingency Fund (from Accounts therein in such order as MEAG Power shall determine) to the Trustee for deposit in the Debt Service Account or such separate sub-account(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in the Reserve and Contingency Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate sub-accounts in the Debt Service Reserve Account, then the amount in said Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate sub-accounts in the Debt Service Reserve Account, in proportion to the deficiency in each such sub-account).

Amounts in the Reserve and Contingency Fund not required for any of the above purposes will be transferred to the Revenue and Operating Fund.

Subject to the provisions of subsections 1 and 2 above, amounts in the Revenue and Operating Fund may be applied as set forth in the following paragraph, *provided, however*, no such amount shall be so applied unless after such application the amount remaining in the Revenue and Operating Fund is at least equal to the "Working Capital Requirement for Fund Deposits." The term "Working Capital Requirement for Fund Deposits" is defined in the Amended Project One Resolution to mean such dollar amount as MEAG Power shall establish from time to time, which at any time shall not be less than the sum of (i) the Working Capital Requirement for Operating Expenses and (ii) the amount, as estimated by MEAG Power, required to be deposited during the next 30 days into the Debt Service Fund, the Subordinated Bond Fund and the Reserve and Contingency Fund. Application of amounts in the Revenue and Operating Fund shall include, without limitation, payment to an issuer of a Financial Guaranty of interest on amounts advanced under such Financial Guaranty.

Amounts in the Revenue and Operating Fund not required for the purposes set forth above shall upon determination of MEAG Power be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any Project One Senior Bonds, and expenses in connection with the purchase or redemption of any Project One Senior Bonds or any reserves which MEAG Power determines shall be required for such purposes; (b) payments of principal or redemption price of and interest on any Project One Subordinated Bonds or any reserves which MEAG Power determines shall be required for such purposes; (c) payments into any separate account or accounts established in the Construction Fund for application to the purposes of such account; (d) improvements, extensions, betterments, renewals and replacements of any properties of Project One; (e) to reduce the cost of Project One power and energy to political subdivisions of the State of Georgia under the Project One Power Sales Contracts; and (f) any other lawful purposes of MEAG Power related to Project One; *provided, however*, any proceeds from the sale or exchange of any part of Project One deposited in the Revenue and Operating Fund pursuant to

the second paragraph set forth under “Encumbrances; Disposition of Properties” herein, and any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the Project deposited in the Revenue and Operating Fund pursuant to the provisions of the Amended Project One Resolution shall be used only for the purposes specified in clauses (a) to (d) above; and *provided, further*, that, subject to the provisions of the Amended Project One Resolution, amounts deposited in the Revenue and Operating Fund and required by the Amended Project One Resolution to be applied to the purchase or redemption of Project One Senior Bonds shall be applied to such purpose.

The Amended Project One Resolution provides that upon (a) any purchase or redemption with amounts in the Revenue and Operating Fund or (b) any defeasance of Project One Senior Bonds of any series, maturity and interest rate for which Sinking Fund Installments shall have been established, *provided, however*, that in the case of any such defeasance, MEAG Power shall have given the Trustee irrevocable instructions to redeem such Project One Senior Bonds on or prior to the due date of the Sinking Fund Installment to be credited under this provision, there shall be credited toward such Sinking Fund Installment or Sinking Fund Installments thereafter to become due as MEAG Power shall select in its sole discretion the total principal amount of such Project One Senior Bonds so purchased, redeemed or defeased. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

MEAG Power may issue Project One Subordinated Bonds for the purposes set forth in the second preceding paragraph. Project One Subordinated Bonds will be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Bond Fund or the Revenue and Operating Fund as may from time to time be available therefor. Such pledge, however, will be subordinate in all respects to the pledge of the Trust Estate created by the Amended Project One Resolution as security for the Project One Senior Bonds.

All Revenues received under the Amended General Resolution Projects Resolution are deposited promptly in the General Resolution Projects Revenue and Operating Fund. Amounts in the General Resolution Projects Revenue and Operating Fund are paid monthly to the Funds held under the Amended General Resolution Projects Resolution and applied generally for the same purposes and requirements of the Existing General Resolution Projects as that described above for Project One under the Amended Project One Resolution, except as follows:

Revenues are applied to the General Resolution Projects Reserve and Contingency Fund, for credit to the sub-account established for each General Resolution Project in the Renewal and Replacement Account and the Reserve Account and for Project Four in the Decommissioning Account, the Reserve and Contingency Fund Requirement applicable to such sub-account for the applicable Project. For the sub-accounts established for Projects Two, Three and Four in the Renewal and Replacement Account, such Reserve and Contingency Fund Requirement is equal to (A) one-twelfth (or such greater fraction as may be appropriate if the period is less than twelve months) of the total amount provided in the then current Annual General Budget for the applicable Project to be deposited in said sub-account in said Account during the then current Power Supply Year or (B) the amount equal to ten percent of the Debt Service with respect to all series of General Resolution Projects Senior Bonds issued to finance the Cost of Acquisition and Construction of the applicable Project and accruing during such month, whichever is the greater. For the sub-accounts established for Projects Two, Three and Four in the Reserve Account, the Reserve and Contingency Fund Requirement is the amount, if any, necessary to make up, within a period of not exceeding 24 months, any deficiency in the requirements of said sub-account in said

Account as shall be set forth in the then current Annual General Budget for the applicable Project; *provided, however*, that, for each Project, such requirement shall be at least equal one-half of one percent of the principal amount of all applicable General Resolution Projects Senior Bonds theretofore issued to finance the Cost of Acquisition and Construction of facilities of such Project that shall have been placed in commercial operation and shall not have been retired from service prior to the first day of such month. For the Decommissioning Account for Project Four, such Reserve and Contingency Fund Requirement is equal to one-twelfth (or such greater fraction as may be appropriate if the period is less than 12 months) of the total amount provided in the then current Annual General Budget to be deposited in said Account during the then current calendar year. (Funds for decommissioning are being held apart from the Decommissioning Account in a separate trust pursuant to federal requirements. See “MEAG POWER – Regulation” in the Annual Information Statement.)

Amounts in the sub-accounts established for Projects Two, Three and Four in the Renewal and Replacement Account are applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to the applicable Project necessary, in the opinion of MEAG Power, to keep the same in good operating condition or to prevent a loss of Revenues therefrom, or required by any governmental agency having jurisdiction over such Project or any part thereof or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any contract to which MEAG Power is a party relating to ownership of such Project or any part thereof.

Amounts in the sub-accounts established for Projects Two, Three and Four in the Reserve Account are applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to the applicable Project, to the extent amounts in the applicable sub-account in the Renewal and Replacement Account are not sufficient therefor, and to the payment of extraordinary operation and maintenance costs, and contingencies.

Amounts accumulated in the sub-account established for Project Four in the Decommissioning Account as a reserve for the retirement from service, decommissioning or disposal of the generation facilities of Project Four are applied as needed for such purposes.

The Amended General Resolution Projects Resolution provides that amounts in the sub-accounts established for any Additional General Resolution Project in the Renewal and Replacement Account, the Decommissioning Account and the Reserve Account are to be applied in accordance with the supplemental resolution authorizing the acquisition and construction of such Additional General Resolution Project.

Amounts in the Revenue and Operating Fund not required for any of the above purposes shall upon determination of MEAG Power be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any General Resolution Projects Senior Bonds, and expenses in connection therewith; (b) payment of principal or redemption price of and interest on any General Resolution Projects Subordinated Bonds or any reserves which MEAG Power determines shall be required for such purposes, (c) payments into any separate account or accounts established in any Project Account in the Construction Fund; (d) improvements, extensions, betterments, renewals and replacements of any properties of any General Resolution Project; (e) to reduce the cost to the Participants of power and energy from any General Resolution Project; and (f) any other lawful purposes of MEAG Power related to any General Resolution Project; *provided, however*, any proceeds from the sale or exchange of any part of any General Resolution Project deposited in the Revenue and Operating Fund pursuant to the second paragraph set forth under “Encumbrances; Disposition of Properties” herein, and any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the Project

deposited in the Revenue and Operating Fund pursuant to the provisions of the Amended General Resolution Projects Resolution shall be used only for the purposes specified in clauses (a) to (d) above; and *provided, further*, that, subject to the provisions of Amended General Resolution Projects Resolution, amounts deposited in the Revenue and Operating Fund and required by the Amended General Resolution Projects Resolution to be applied to the purchase or redemption of General Resolution Projects Senior Bonds shall be applied to such purpose.

MEAG Power may issue General Resolution Projects Subordinated Bonds for the purposes set forth in the preceding paragraph. General Resolution Projects Subordinated Bonds will be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Bond Fund or the Revenue and Operating Fund as may from time to time be available therefor. Such pledge, however, will be subordinate in all respects to the pledge of the Trust Estate created by the Amended General Resolution Projects Resolution as security for the General Resolution Projects Senior Bonds.

Debt Service Reserve Accounts

General

Both Amended Resolutions create a separate sub-account in the Debt Service Reserve Account designated as the “Initial Sub-Account” (and referred to in the Official Statement to which this APPENDIX C is attached as the “Common Reserve”), for the benefit of (1) all Senior Bonds outstanding on the Effective Date and (2) all Senior Bonds of any series issued after the Effective Date, but only to the extent that the supplemental resolution authorizing the Senior Bonds of such series specifies that such Senior Bonds will be an Additionally Secured Series secured thereby.

MEAG Power may, by supplemental resolution, create within the applicable Debt Service Reserve Account one or more additional sub-accounts (referred to in the Official Statement to which this APPENDIX C is attached as a “Separate Reserve”), for the benefit of such series of Senior Bonds as may be specified in, or determined pursuant to, such supplemental resolution. In lieu of maintaining moneys or investments in any such sub-account, MEAG Power at any time may cause to be deposited into such sub-account for the benefit of the holders of the Senior Bonds of the Additionally Secured Series secured thereby a Financial Guaranty satisfying the requirements set forth in such supplemental resolution in an amount equal to the difference between the Debt Service Reserve Requirement for such sub-account and the sum of moneys or value of Investment Securities then on deposit therein, if any.

If on the final day of any month the amount in the Debt Service Account is less than the amount required to be in such Account, the Trustee will apply amounts from each separate sub-account in the Debt Service Reserve Account to the extent necessary to make good the deficiency that exists with respect to the Additionally Secured Series of the Senior Bonds secured thereby. If a Financial Guaranty has been deposited in any such separate sub-account in the Debt Service Reserve Account, amounts deposited therein not required to make good such deficiency will be applied, first, to reimburse the issuer of the Financial Guaranty for any unreimbursed drawings thereunder and then to fund such separate sub-account in the Debt Service Reserve Account to satisfy the Debt Service Reserve Requirement related thereto.

Whenever the moneys on deposit in any separate sub-account in the Debt Service Reserve Account exceeds the Debt Service Reserve Requirement related thereto, such excess shall be allocated and applied in the same manner as Revenues under the applicable Amended Resolution.

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 Senior Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on

deposit in the Debt Service Reserve Account will be transferred to the Debt Service Account. Unless otherwise required under the applicable Amended Resolution, so long as there is held in the Debt Service Fund an amount sufficient to pay in full all of the applicable outstanding Senior Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits will be required to be made into the Debt Service Reserve Account.

Deposit of Financial Guaranty

Both Amended Resolutions provide that in lieu of depositing moneys in any separate sub-account in the Debt Service Reserve Account, or in substitution for moneys previously deposited in any separate sub-account in the Debt Service Reserve Account, MEAG Power may provide the Trustee with a Financial Guaranty for deposit into such separate sub-account in the Debt Service Reserve Account. Any such Financial Guaranty shall, together with the moneys and Investment Securities, if any, held in such separate sub-account in the Debt Service Reserve Account, be in an amount equal to the Debt Service Reserve Requirement related thereto and shall be payable or available to be drawn upon, as the case may be (upon the giving of notice of at least one business day pursuant to a demand for payment by the Trustee as required thereunder), on any date on which moneys will be required to be withdrawn from such separate sub-account in the Debt Service Reserve Account pursuant to the provisions of the applicable Amended Resolution. Any such Financial Guaranty shall have a term not less than the final maturity date of any Additionally Secured Series of Senior Bonds then outstanding under the terms of the applicable Amended Resolution secured thereby or shall provide that it may be drawn upon if, prior to the termination thereof, a substitute Financial Guaranty is not delivered to the Trustee pursuant to the applicable Amended Resolution. Following a drawing under a Financial Guaranty, MEAG Power shall be obligated to reimburse the issuer of such Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty, such reimbursement to be made from amounts to be deposited in such separate sub-account in the Debt Service Reserve Account from the Revenue and Operating Fund.

The Amended Project One Resolution provides that the financial strength of the issuer of the initial Financial Guaranty (the "Initial Surety") shall be rated on the date of deposit in a particular separate sub-account in the Debt Service Reserve Account in the highest rating category by Moody's Investors Service, Standard & Poor's, Fitch Ratings, and if rated by A.M. Best & Company, A.M. Best & Company. The financial strength of the issuer of any other Financial Guaranty shall be rated on the date of deposit in such separate sub-account in the Debt Service Reserve Account not less than that of the Initial Surety on such date. The foregoing provisions of the Amended Project One Resolution regarding the Financial Guaranty are substantially similar to those contained in the Amended General Resolution Projects Resolution except that Fitch Ratings is not mentioned as a rating agency. In the event the Initial Surety has ceased to provide a Financial Guaranty, the rating of the financial strength of the issuer of the Financial Guaranty which provides for the largest percentage of the Debt Service Reserve Requirement related to such separate sub-account shall be the minimum rating required for any Financial Guaranty on the date of deposit in such separate sub-account. In the event the rating of the financial strength of the issuer of a Financial Guaranty shall fall below (i) "Aa2" as rated by Moody's Investors Service, Inc., (ii) "AA" as rated by Standard & Poor's, (iii) "AA" as rated by Fitch Ratings, or (iv) if rated by A.M. Best & Company, "A+" as rated by A.M. Best & Company, MEAG Power will replace the Financial Guaranty with (a) a substitute Financial Guaranty issued by an issuer (1) which, if another Financial Guaranty is on deposit in such separate sub-account, satisfies the ratings requirements set forth in this paragraph, or (2) whose financial strength is rated in the highest rating category which can be obtained by MEAG Power, using MEAG Power's best efforts, at commercially reasonable rates (but in no event less than the ratings described in clauses (i), (ii), (iii) and (iv) of this sentence), or (b) cash.

Each of the Amended Resolutions provides that prior to providing the Trustee with a Financial Guaranty for deposit into any separate sub-account in the Debt Service Reserve Account, there shall be filed with MEAG Power an opinion of tax counsel to MEAG Power to the effect that such deposit will

not adversely affect the exclusion from gross income for federal income tax purposes of interest on any outstanding Senior Bonds of the Additionally Secured Series secured thereby.

In connection with furnishing a Financial Guaranty to the Trustee, MEAG Power shall also furnish to the Trustee (i) an opinion of counsel to the issuer of such Financial Guaranty, satisfactory to the Trustee, to the effect that such Financial Guaranty is a valid and binding obligation of the issuer thereof, enforceable in accordance with its terms, subject to usual bankruptcy exceptions, and (ii) a certificate of an Authorized Officer of MEAG Power to the effect that there has not occurred any Event of Default or any event which, with the giving of notice or the passage of time or both, would constitute an Event of Default. Upon receipt of such Financial Guaranty and the other items required by the applicable Amended Resolution, the Trustee shall, to the extent that amounts held in such separate sub-account in the Debt Service Reserve Account, taking into account any Financial Guaranty on deposit in such separate sub-account in the Debt Service Reserve Account, are in excess of the Debt Service Reserve Requirement related thereto, transfer such moneys (or any investments held therein) to or upon the order of MEAG Power, as MEAG Power shall direct in writing.

Each Amended Resolution provides that the Trustee shall maintain adequate records, verified with the issuer of any Financial Guaranty, as to: the amounts available to be drawn under such Financial Guaranty at any given time, the amounts drawn by the Trustee thereunder and the amounts paid by the Trustee to such issuer with respect to any such drawings; *provided, however*, the Trustee shall not be responsible for maintaining records of any other amounts paid and owing by MEAG Power to the issuer of any such Financial Guaranty with respect to any reimbursement agreement between such parties except for drawings under such Financial Guaranty. In the event that (i) cash and (ii) a Financial Guaranty are on deposit in a particular separate sub-account in the Debt Service Reserve Account, the Trustee shall first use such cash to make any required deposit to the Debt Service Account prior to drawing on such Financial Guaranty.

In the event more than one Financial Guaranty is on deposit in any particular separate sub-account in the Debt Service Reserve Account, any drawings thereunder and payments made in the reinstatement thereof shall be on a pro-rata basis.

Notwithstanding anything in the applicable Amended Resolution to the contrary, each Amended Resolution provides that there shall be no optional redemption of the Senior Bonds of an Additionally Secured Series by MEAG Power unless all amounts owed to the issuer of any Financial Guaranty securing the Senior Bonds of such Additionally Secured Series have been paid in full.

For purposes of determining the amount on deposit in any particular separate sub-account in the Debt Service Reserve Account, the amount available to be drawn under any Financial Guaranty deposited thereto shall be deemed to be on deposit therein.

Construction Funds

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

The Trustee pays to MEAG Power, upon its requisitions therefor, from the Construction Fund amounts in payment of the Cost of Acquisition and Construction of Project One. Upon completion of the

Initial Facilities or any Additional Facilities, any amount remaining not required to complete payment of the Cost of Acquisition and Construction will be deposited in each separate sub-account in the Debt Service Reserve Account in the Debt Service Fund to the extent necessary to make the amount in each such sub-account equal to the Debt Service Reserve Requirement related thereto (or, if the amount of such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate sub-accounts in the Debt Service Reserve Account, then the amount of such excess shall be applied ratably to make up the deficiencies with respect to each separate sub-account in the Debt Service Reserve Account, in proportion to the deficiency in each such sub-account), and any balance will be either (i) paid to MEAG Power to be deposited in the Revenue and Operating Fund for application to the retirement of Bonds for purchase or redemption or (ii) paid to MEAG Power to be deposited in the Decommissioning Account or the Reserve Account in the Reserve and Contingency Fund, as MEAG Power determines. 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 Project One Senior Bonds when due.

The Amended General Resolution Projects Resolution establishes a Construction Fund, held by the Trustee. The Amended General Resolution Projects Resolution establishes a separate Project Account for each Project into which will be paid amounts required by the provisions of the Amended General Resolution Projects Resolution and any supplemental resolution and, at the option of MEAG Power, any moneys received for in connection with such Project by MEAG Power, unless required to be otherwise applied as provided in the Amended General Resolution Projects Resolution. In addition, proceeds of insurance for physical loss or damage to any General Resolution Project, or of contractors' performance bonds, pertaining to the period of construction will be paid into the appropriate Project Account in the Construction Fund.

The Trustee will pay to MEAG Power, upon its requisitions therefor, from the Project Account established for each General Resolution Project in the Construction Fund amounts in payment of the Cost of Acquisition and Construction of such Project. Upon completion of any General Resolution Project, any amount remaining in the Project Account established therefor not required to complete payment of the Cost of Acquisition and Construction thereof will be deposited in each separate sub-account in the Debt Service Reserve Account in the Debt Service Fund to the extent necessary to make the amount in each such sub-account equal to the Debt Service Reserve Requirement related thereto (or, if the amount of such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate sub-accounts in the Debt Service Reserve Account, then the amount of such excess shall be applied ratably to make up the deficiencies with respect to each separate sub-account in the Debt Service Reserve Account, in proportion to the deficiency in each such sub-account), and any balance will be deposited either (i) in the Revenue and Operating Fund and applied to the retirement of, first, General Resolution Projects Senior Bonds issued with respect to such Project and, thereafter, any other General Resolution Projects Senior Bonds, or (ii) in the appropriate sub-accounts in the Decommissioning Account or the Reserve Account in the Reserve and Contingency Fund, or (iii) in Project Accounts for other General Resolution Projects, as MEAG Power shall determine. 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 General Resolution Projects Senior Bonds when due.

Environmental Facilities Reserve Accounts

The Amended Project One Resolution establishes an Environmental Facilities Reserve Account, held by MEAG Power, into which are paid certain amounts accumulated by MEAG Power (including amounts collected from the Participants) to pay the cost of or to provide reserves for, among other things, (a) extraordinary operating and maintenance costs of Project One, (b) the prevention or correction of any unusual loss or damage to keep the generating facilities of Project One in good operating condition or to prevent a loss of revenue therefrom and (c) certain specified major renewals, replacements, repairs,

additions, betterments and improvements to Project One. Without limiting the generality of the foregoing, amounts in the Environmental Facilities Reserve Account may be applied by MEAG Power to any lawful purpose of MEAG Power related to MEAG Power's interests in the Coal Units (as defined in "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Capital Improvements Program" in the Annual Information Statement) included in Project One, including the payment of debt service on any Project One Senior Bonds or Project One Subordinated Bonds issued with respect thereto when due.

The Environmental Facilities Reserve Account shall not be or be deemed to be a Fund established by the Amended Project One Resolution, and shall not be subject to the pledge and assignment of the Amended Project One Resolution in favor of the holders of the Project One Senior Bonds. If and to the extent that MEAG Power determines that it is advantageous to do so, MEAG Power may pledge the Environmental Facilities Reserve Account to secure any of its obligations to any party relating to any transaction in respect of its interests in the Coal Units included in Project One.

The Amended General Resolution Projects Resolution establishes Environmental Facilities Reserve Accounts with respect to Project Two and Project Three, held by MEAG Power, into which are paid certain amounts accumulated by MEAG Power (including amounts collected from the Participants) to pay the cost of or to provide reserves for, among other things, (a) extraordinary operating and maintenance costs of the applicable Project, (b) the prevention or correction of any unusual loss or damage to keep the generating facilities of the applicable Project in good operating condition or to prevent a loss of revenue therefrom and (c) certain specified major renewals, replacements, repairs, additions, betterments and improvements to the applicable Project. Without limiting the generality of the foregoing, amounts in each Environmental Facilities Reserve Account may be applied by MEAG Power to any lawful purpose of MEAG Power related to MEAG Power's interests in the Coal Units included in the applicable Project, including the payment of debt service on any General Resolution Projects Senior Bonds or General Resolution Projects Subordinated Bonds issued with respect thereto when due.

The Environmental Facilities Reserve Accounts shall not be or be deemed to be a Fund established by the Amended General Resolution Projects Resolution, and shall not be subject to the pledge and assignment of the Amended General Resolution Projects Resolution in favor of the holders of the General Resolution Projects Senior Bonds. If and to the extent that MEAG Power determines that it is advantageous to do so, MEAG Power may pledge an Environmental Facilities Reserve Account to secure any of its obligations to any party relating to any transaction in respect of its interests in the Coal Units included in the applicable Project.

Certain Conditions to Issuance of Senior Bonds

The Amended Project One Resolution

Debt Service Reserve. The issuance of any series of Project One Senior Bonds that will be an Additionally Secured Series is conditioned upon the deposit in the separate sub-account in the Debt Service Reserve Account designated therefor of the amount, if any, necessary to make the amount on deposit in such sub-account equal the Debt Service Reserve Requirement related thereto calculated immediately after delivery of such series of Project One Senior Bonds; *provided, however*, that a supplemental resolution establishing a separate sub-account in the Debt Service Reserve Account may provide that, in lieu of maintaining all or a portion of the moneys or investments required to be maintained in such separate sub-account, there may be credited to said sub-account at any time a Financial Guaranty satisfying the requirements set forth in such supplemental resolution.

No Default. Additional Project One Senior Bonds may be issued only if MEAG Power certifies that it is not in default under any of the provisions of the Amended Project One Resolution.

Limitations on the Types of Project One Senior Bonds Issued. In the event that any Project One Senior Bonds authenticated and delivered upon original issuance prior to December 16, 2011 remain outstanding, then no series of Project One Senior Bonds shall contain Option Bonds or Variable Rate Bonds, and no Principal Installment for a series of Project One Senior Bonds initially shall be a Refundable Principal Installment, unless the Project One Senior Bonds of such series shall not be additionally secured by the Initial Sub-Account in the Debt Service Reserve Account.

The Amended General Resolution Projects Resolution

The following conditions, among other things, apply to the issuance of all General Resolution Projects Senior Bonds. Other conditions applicable to issuance of Additional General Resolution Projects Senior Bonds only are set forth under “Additional Senior Bonds” below.

Debt Service Reserve. The issuance of any series of General Resolution Projects Senior Bonds that will be an Additionally Secured Series is conditioned upon the deposit in the separate sub-account in the Debt Service Reserve Account designated therefor of the amount, if any, necessary to make the amount on deposit in such sub-account equal the Debt Service Reserve Requirement related thereto calculated immediately after delivery of such series of General Resolution Projects Senior Bonds; *provided, however*, that a supplemental resolution establishing a separate sub-account in the Debt Service Reserve Account may provide that, in lieu of maintaining all or a portion of the moneys or investments required to be maintained in such separate sub-account, there may be credited to said sub-account at any time a Financial Guaranty satisfying the requirements set forth in such supplemental resolution.

No Default. Each series of General Resolution Projects Senior Bonds may be issued only if MEAG Power certifies that it is not in default under any of the provisions of the Amended General Resolution Projects Resolution.

Limitations on the Types of General Resolution Projects Senior Bonds Issued. In the event that any General Resolution Projects Senior Bonds authenticated and delivered upon original issuance prior to December 16, 2011 remain outstanding, then no series of General Resolution Projects Senior Bonds shall contain Option Bonds or Variable Rate Bonds, and no Principal Installment for a series of General Resolution Projects Senior Bonds initially shall be a Refundable Principal Installment, unless the General Resolution Projects Senior Bonds of such series shall not be additionally secured by the Initial Sub-Account in the Debt Service Reserve Account.

Investment of Certain Funds and Accounts

The Amended Project One Resolution provides that moneys held in the Funds and Accounts established thereunder shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds and Accounts. The Trustee shall make all such investments of moneys held by it in accordance with written instructions received from any Authorized Officer.

Net interest earned on any moneys or investments in such Funds or Accounts, other than the Construction Fund, are paid into the Revenue and Operating Fund. Interest on moneys or investments in the Construction Fund are held in such Fund.

The foregoing provisions of the Amended Project One Resolution are substantially similar to those contained in the Amended General Resolution Projects Resolution. Also, in the case of the Amended General Resolution Projects Resolution, net interest earned or any moneys or investments in such Funds or Accounts, other than the Debt Service Account and the Debt Service Reserve Account and the Construction Fund, will be paid into the Revenue and Operating Fund. Interest on moneys or

investments in any Project Account in the Construction Fund are held in such Project Account. Interest on moneys or investments in the Debt Service Account or the Debt Service Reserve Account which MEAG Power determines is allocable to any facilities of a Project are paid into the Revenue and Operating Fund.

Encumbrances; Disposition of Properties

MEAG Power covenants in the Amended Project One Resolution that it will not issue bonds or other evidences of indebtedness, other than Project One Senior Bonds, payable out of or secured by a pledge of the Trust Estate established thereunder or any separate sub-account in the Debt Service Reserve Account in the Debt Service Fund established thereunder nor will it create any lien or charge thereon; *provided, however*, that nothing contained in the Amended Project One Resolution shall prevent MEAG Power from issuing, if and to the extent permitted by the Act, (1) bond anticipation notes, (2) evidences of indebtedness (a) payable out of moneys in the Construction Fund as part of the Cost of Acquisition and Construction of Project One or (b) payable out of, or secured by a pledge of, Revenues to be received after the discharge of the pledge of the Trust Estate provided in the Amended Project One Resolution, or (3) Project One Subordinated Bonds.

MEAG Power covenants in the Amended Project One Resolution that it will not sell, lease, mortgage or otherwise dispose of any part of Project One, except for sales or exchanges for not less than fair market value of property or facilities if MEAG Power determines that such sale or exchange of such property or facilities (1) is desirable in the conduct of the business of MEAG Power relating to Project One and (2) will not materially impair the ability of MEAG Power to comply with the rate covenant described under "Rate Covenant" below. The proceeds of any such transaction not used to acquire other property are deposited in the Revenue and Operating Fund.

MEAG Power covenants in the Amended Project One Resolution that it will not lease or make contracts or grant licenses for the operation or use of, or grant easements or any other rights with respect to, any part of Project One, which would (1) impede or restrict the operation of Project One by MEAG Power or its agents or (2) impair or adversely affect the rights or security of Bondholders under the Amended Project One Resolution. If the depreciated cost of the subject property exceeds \$500,000, an Authorized Officer of MEAG Power must certify that the proposed action of MEAG Power does not result in a breach of the above-mentioned conditions. Any payments to MEAG Power in connection with any such transaction constitute Revenues.

The foregoing covenants of MEAG Power with respect to Project One are substantially similar to the corresponding covenants of MEAG Power under the Amended General Resolution Projects Resolution.

Rate Covenant

MEAG Power covenants in the Amended Project One Resolution that it will at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of Project One so that Revenues, together with other available funds, are at least sufficient to provide funds in each year for the payment of the sum of (1) Operating Expenses during such year, (2) Debt Service on all series of Project One Senior Bonds for such year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from the calculation of such Debt Service, but only to the extent that MEAG Power intends to pay such Principal Installment from sources other than Revenues, (3) any amount to be paid into each separate sub-account in the Debt Service Reserve Account for such year, (4) the amount to be paid into the Reserve and Contingency Fund for such year, and (5) all other charges or liens payable out of Revenues during such year and all amounts payable on Project One Subordinated Bonds.

The foregoing covenant of MEAG Power with respect to Project One is substantially similar to the corresponding covenant of MEAG Power under the Amended General Resolution Projects Resolution with respect to any General Resolution Project.

Covenants with Respect to Power Sales Contracts and Project Agreements

MEAG Power covenants in the Amended Project One Resolution that it will collect and deposit in the Revenue and Operating Fund amounts received under the Project One Power Sales Contracts or payable to it pursuant to any other contract for the sale of power, energy, or other services from any part of Project One. In addition, MEAG Power will enforce the Project One Power Sales Contracts and the Project Agreements, will duly perform its covenants and agreements thereunder, and will not consent to any amendment to or otherwise take any action in connection with any Project One Power Sales Contract or Project Agreement which would impair or adversely affect the rights of MEAG Power thereunder or the rights or security of Project One Bondholders or, in the case of any Project One Power Sales Contract, would reduce payments required thereunder.

The foregoing covenants of MEAG Power with respect to Project One are substantially similar to the corresponding covenants of MEAG Power under the Amended General Resolution Projects Resolution with respect to any General Resolution Project.

Annual Budget

MEAG Power covenants in the Amended Project One Resolution that it will file with the Trustee an Annual Budget for Project One each calendar year. The Annual Budget includes appropriations for the estimated Operating Expenses for such year and the estimated amount to be deposited during such year in the Reserve and Contingency Fund. MEAG Power may at any time adopt an amended Annual Budget for the remainder of the then current calendar year which will be filed promptly with the Trustee.

The foregoing practices by MEAG Power with respect to Project One are substantially similar to the practices by MEAG Power under the Amended General Resolution Projects Resolution with respect to each General Resolution Project.

Insurance

MEAG Power covenants in the Amended Project One Resolution that it will keep the properties of Project One which are of an insurable nature and of the character usually insured by those operating properties similar to Project One insured against loss or damage by fire and from other causes customarily insured against and in such amounts as are usually obtained. MEAG Power also covenants in the Amended Project One Resolution that it will maintain adequate insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to Project One. Insurance against business interruption loss is maintained whenever, in the judgment of MEAG Power, such insurance is obtainable at commercially reasonable rates.

The foregoing practices by MEAG Power with respect to Project One are substantially similar to the practices by MEAG Power under the Amended General Resolution Projects Resolution with respect to each General Resolution Project.

Accounts and Reports

MEAG Power covenants in the Amended Project One Resolution that it will keep proper and separate books of record and account relating to Project One and the funds and accounts established by

the Amended Project One Resolution and relating to costs and charges under the Project One Power Sales Contracts and the Project Agreements. Such books, together with all other books and papers of MEAG Power relating to Project One, are at all times subject to the inspection of the Trustee and the holders of not less than five percent in principal amount of Project One Senior Bonds then outstanding.

MEAG Power covenants in the Amended Project One Resolution that it will file annually with the Trustee an annual report, accompanied by an accountant's certificate (Report of Independent Auditors), of the financial position of Project One at the end of the year, statements of Revenues and Operating Expenses and a statement of receipts and disbursements with respect to each fund and account established by the Amended Project One Resolution.

The reports, statements and other documents required to be furnished to the Trustee pursuant to provisions of the Amended Project One Resolution are available for inspection of Bondholders at the office of the Trustee and will be mailed to each Bondholder who files a written request therefor with MEAG Power.

The foregoing practices by MEAG Power with respect to Project One are substantially similar to the practices by MEAG Power under the Amended General Resolution Projects Resolution with respect to each General Resolution Project.

Amendments and Supplemental Resolutions

For a description of the amendments to the following provisions proposed to be made by the Amendatory Supplemental Resolutions, see "Amendatory Supplemental Resolutions" below.

Any of the provisions of the Amended Project One Resolution may be amended by MEAG Power by a supplemental resolution, upon the consent of the holders of at least two-thirds in principal amount in each case of (1) all Project One Senior Bonds then outstanding, and (2) if less than all of the series of outstanding Project One Senior Bonds are affected, the Project One Senior Bonds of each affected series, and (3) if the amendment changes the terms of any sinking fund installment, the Project One Senior Bonds of the series and maturity for which such sinking fund installment was established; excluding, in each case, from such consent, and from the outstanding Project One Senior Bonds, the Project One Senior Bonds of any specified series and maturity if such amendment by its terms will not take effect so long as any such Project One Senior Bonds remain outstanding. Any such amendment may not permit a change in the terms of redemption or maturity or any installment of interest or make any reduction in principal, redemption price or interest without the consent of each affected holder, or reduce the percentages of consents required for a further amendment.

MEAG Power may adopt (without the consent of any holders of the Project One Senior Bonds) supplemental resolutions to close the Amended Project One Resolution against, or impose limitations upon, issuance of Project One Senior Bonds or other evidences of indebtedness; to authorize Project One Senior Bonds; to authorize Project One Subordinated Bonds; to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Project One Senior Bonds in bearer or coupon form or in uncertificated form; to add to the restrictions contained in the Amended Project One Resolution; to add to the covenants of MEAG Power contained in the Amended Project One Resolution; to confirm any pledge under the Amended Project One Resolution of Revenues or other moneys; or to cure any ambiguity, supply any omission, or to cure or correct any defect in the Amended Project One Resolution or to insert provisions clarifying matters or questions arising under the Amended Project One Resolution; and, if and to the extent authorized in a supplemental resolution authorizing an Additionally Secured Series of Bonds, to specify the qualifications of any provider of a Financial Guaranty for credit to the particular sub-account in the Debt Service Reserve Account securing the Project One Senior Bonds of such Additionally Secured Series.

The foregoing amendments and supplemental resolutions permitted by MEAG Power under the Amended Project One Resolution are substantially similar to the amendments and supplemental resolutions permitted by MEAG Power under the Amended General Resolution Projects Resolution, except that under the Amended General Resolution Projects Resolution MEAG Power may authorize Additional General Resolution Projects.

Additional Senior Bonds

The Amended Project One Resolution

After delivery of the Project One Senior Bonds of the Initial Facilities Issue, one or more series of Additional Project One Senior Bonds may be issued if and to the extent necessary as shown in a certificate of an Authorized Officer of MEAG Power for the purpose of paying the cost of Acquisition and Construction of the Initial Facilities. Additional Project One Senior Bonds may also be issued for the purpose of paying all or any portion of the Cost of Acquisition and Construction of any Additional Facilities provided, among other things, that, for major renewals and repairs, a certificate of an Authorized Officer of MEAG Power is received stating that MEAG Power has determined that such Additional Facilities are necessary to keep Project One in good operating condition or to prevent loss of Revenues therefrom. Additional Project One Senior Bonds do not include Refunding Project One Senior Bonds.

The Amended General Resolution Projects Resolution

Additional General Resolution Projects Senior Bonds for the Existing General Resolution Projects. After delivery of the General Resolution Projects Senior Bonds of the Initial Facilities Issue for Project Two, the Initial Facilities Issue for Project Three and the Initial Facilities Issue for Project Four, one or more series of additional General Resolution Projects Senior Bonds may be issued if and to the extent necessary as shown in a certificate of an Authorized Officer of MEAG Power for the purpose of paying the Cost of Acquisition and Construction of the Initial Facilities for Project Two, the Initial Facilities for Project Three or the Initial Facilities for Project Four. One or more series of Additional General Resolution Projects Senior Bonds may also be issued for the purpose of paying all or any portion of the Cost of Acquisition and Construction of any Capital Improvements for the Existing General Resolution Projects provided, among other things, that, for major renewals and repairs, a certificate of an Authorized Officer of MEAG Power is received stating that MEAG Power has determined that such Capital Improvements are necessary to keep such Project in good operating condition or to prevent loss of Revenues therefrom. Such Additional General Resolution Projects Senior Bonds do not include Refunding General Resolution Projects Senior Bonds.

Additional General Resolution Projects Senior Bonds for Additional General Resolution Projects. One or more series of Additional General Resolution Projects Senior Bonds may be issued to finance the Cost of Acquisition and Construction of Additional General Resolution Projects. Prior to the authentication and delivery of the first series of General Resolution Projects Senior Bonds for any Additional General Resolution Project, there must be delivered to the Trustee, among other documents:

(a) in the case of the first series of General Resolution Projects Senior Bonds for each Additional General Resolution Project, certified copies of Power Sales Contracts with each of the Participants relating to such Additional Project and certified copies of each Project Agreement relating thereto;

(b) an opinion of counsel to the effect that, among other things, the Participants are obligated under the Power Sales Contracts relating to such Additional Project in each Power Supply Year (as defined in such Power Sales Contracts) to make payments which, in the

aggregate, are required, under any and all circumstances, to be sufficient, together with all other amounts available therefor, to pay 100 percent of the Annual Project Costs paid by MEAG Power during such Power Supply Year with respect to such Additional Project, and that the other provisions of each Power Sales Contract comply with the requirements of the Amended General Resolution Projects Resolution; and

(c) a certificate of an Authorized Officer of MEAG Power stating, among other things, that MEAG Power can beneficially utilize the output and services of any generating facility included in such Additional Project to meet the long-term power and energy requirements of the Participants and that the cost of power and energy therefrom is reasonable in comparison to other sources which would reasonably be available to MEAG Power at the time of the estimated date of commercial operation of such generating facility or interest therein and that any transmission facilities included therein will be necessary within a reasonable time after the estimated date of commercial operation thereof to supply transmission capability to Participants required to be supplied pursuant to the Power Sales Contracts relating to such Additional Project.

One or more series of Additional General Resolution Projects Senior Bonds may be issued for an Additional General Resolution Project (1) to complete payment of the Cost of Acquisition and Construction thereof after delivery of the General Resolution Projects Senior Bonds of an issue authorized by a supplemental resolution referred to in (a) above for such Additional Project, or (2) to pay the Cost of Acquisition and Construction of Capital Improvements for such Additional General Resolution Project. Each series of Additional General Resolution Projects Senior Bonds for either such purpose may be authenticated and delivered by the Trustee only upon receipt by the Trustee of an opinion of counsel to the effect set forth in paragraph (b) above and, if no General Resolution Projects Senior Bonds have previously been issued for such Capital Improvements, a certificate of an Authorized Officer of MEAG Power to the effect set forth in paragraph (c) above. Such Additional General Resolution Projects Senior Bonds do not include Refunding General Resolution Projects Senior Bonds.

Refunding Senior Bonds

The Amended Project One Resolution

One or more series of Refunding Project One Senior Bonds may be authenticated and delivered upon original issuance to refund all or a portion of the outstanding Project One Senior Bonds of one or more series. Refunding Project One Senior Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Amended Project One Resolution required by the provisions of the supplemental resolution authorizing such Project One Senior Bonds.

Refunding Project One Senior Bonds of each series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee, in addition to the documents required by the Amended Project One Resolution, of:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Project One Senior Bonds to be refunded on a redemption date specified in such instructions;

(b) If the Project One Senior Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to give notice of defeasance provided for in the Amended Project One Resolution to the holders of the Project One Senior Bonds being refunded; and

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Project One Senior Bonds to be refunded, together with accrued interest on such Project One Senior Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective holders of the Project One Senior Bonds to be refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of the Amended Project One Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided in the Amended Project One Resolution.

The proceeds, including accrued interest, of the Refunding Project One Senior Bonds of each series shall be applied simultaneously with the delivery of such Project One Senior Bonds for the purposes of making deposits in such Funds and Accounts under the Amended Project One Resolution as shall be provided by the supplemental resolution authorizing such series of Refunding Project One Senior Bonds and shall be applied to the refunding purposes thereof in the manner provided in said supplemental resolution.

The Amended General Resolution Projects Resolution

One or more series of Refunding General Resolution Projects Senior Bonds may be issued to refund all or a portion of the outstanding General Resolution Projects Senior Bonds of one or more series. The issuance of Refunding General Resolution Projects Senior Bonds to refund outstanding General Resolution Projects Senior Bonds is subject to the same conditions and requirements as set forth with respect to Refunding Senior Bonds for Project One.

Special Provisions Relating to Capital Appreciation Senior Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Senior Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Senior Bond if the principal of all Project One Senior Bonds is declared immediately due and payable following an Event of Default, as provided in the Amended Project One Resolution, or (iii) computing the principal amount of Project One Senior Bonds held by the holder of a Capital Appreciation Senior Bond in giving to MEAG Power or the Trustee any notice, consent, request or demand pursuant to the Amended Project One Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Senior Bond shall be deemed to be its Accreted Value.

The principal and interest portions of the Accreted Value of Capital Appreciation Senior Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Aggregate Debt Service, Accrued Aggregate Debt Service and Adjusted Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value becomes so due, and the principal and interest portions of such Accreted Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

The foregoing provisions with respect to Capital Appreciation Senior Bonds in the Amended Project One Resolution are substantially similar to the provisions with respect to Capital Appreciation Senior Bonds in the Amended General Resolution Projects Resolution.

Trustee, Paying Agents

The Amended Project One Resolution requires the appointment by MEAG Power of one or more Paying Agents (who may be the Trustee) for the Project One Senior Bonds of each series. The Trustee

may at any time resign on 60 days' written notice to MEAG Power and the holders of the Project One Senior Bonds and may at any time be removed by the holders of a majority in principal amount of the Project One Senior Bonds then outstanding. In addition, so long as no Event of Default, or event which with the passage of time or the giving of notice, or both, will become an Event of Default, shall have occurred and be continuing under the Amended Project One Resolution, MEAG Power may remove the Trustee at any time, with or without cause, by a certificate of an Authorized Officer of MEAG Power filed with the Trustee. If the Trustee has been removed by MEAG Power, then MEAG Power shall have the exclusive right to appoint a successor Trustee. In any other case, a successor Trustee may be appointed by the holders of a majority in principal amount of Project One Senior Bonds then outstanding. If, however, within 30 days of the date on which the Trustee mailed notice of its resignation or became incapable of acting as trustee under the Amended Project One Resolution, the Bondholders have not appointed a successor Trustee, MEAG Power, subject to the provisions of the Amended Project One Resolution, shall have the exclusive right to appoint such successor. Any successor Trustee must be a bank or trust company or national banking association with its principal office in New York or Georgia having capital stock and surplus aggregating at least \$50,000,000 if there be such an entity willing to accept appointment.

The foregoing requirements by MEAG Power under the Amended Project One Resolution are substantially similar to the requirements of MEAG Power under the Amended General Resolution Projects Resolution.

Defeasance

The pledge of the Trust Estate and each separate sub-account in the Debt Service Reserve Account in the Debt Service Fund established under the Amended Project One Resolution and all covenants and other obligations of MEAG Power under the Amended Project One Resolution will cease, terminate and be discharged and satisfied whenever all Project One Senior Bonds have been paid in full.

All or a portion of the outstanding Project One Senior Bonds of a series are deemed to have been paid and are not entitled to the lien, benefit or security of the Amended Project One Resolution whenever the following conditions are met: (1) there have been deposited with the Trustee in trust either moneys in an amount which will be sufficient, or Defeasance Securities, the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or redemption price, if applicable, and interest due or to become due on such Project One Senior Bonds, (2) in the case of any Project One Senior Bonds to be redeemed prior to maturity, MEAG Power has given to the Trustee irrevocable instructions to give the notice of redemption therefor, (3) in the event such Project One Senior Bonds are not subject to redemption within the next succeeding 60 days, MEAG Power has given the Trustee irrevocable instructions to mail within five days of such deposit, a notice to the holders of such Project One Senior Bonds that the above deposit 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, of such Project One Senior Bonds, and (4) MEAG Power shall cause such Project One Senior Bonds to be re-rated by all, or if rated by less than all, a minimum of two, of Moody's Investors Service, Standard & Poor's, and Fitch Ratings.

Option Bonds are deemed to have been paid and are not entitled to the lien, benefit or security of the Amended Project One Resolution only if, in addition to satisfying the conditions of clauses (2) and (3) of the preceding paragraph there has been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the holders of such Bonds upon the exercise of any options provided to the holders of such Bonds.

For purposes of determining whether Variable Rate Bonds are deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the Amended Project One Resolution, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum interest rate with respect thereto.

The foregoing defeasance provisions under the Amended Project One Resolution are substantially similar to the defeasance provisions under the Amended General Resolution Projects Resolution.

Events of Default and Remedies

Events of Default specified in the Amended Project One Resolution include failure to pay principal or redemption price of any Project One Senior Bond when due; failure to pay any interest installment on any Project One Senior Bond or the unsatisfied balance of any sinking fund installment thereon when due; failure to remedy a default for 60 days after written notice of a default in the observance or performance of any other covenants, agreements or conditions; and certain events of bankruptcy or insolvency. Upon the happening of any such Event of Default the Trustee or the holders of not less than 25 percent in principal amount of the Project One Senior Bonds then outstanding may declare the principal of and accrued interest on such Project One Senior Bonds due and payable (subject to a rescission of such declaration upon the curing of such default before the Project One Senior Bonds have matured). The Project One Power Sales Contracts provide for payment in each year of amounts sufficient to pay scheduled debt service. However, any debt service due on Project One Senior Bonds by reason of acceleration is not payable under the Project One Power Sales Contracts in the year of acceleration, although any accelerated amounts will continue to become due in the respective years in which scheduled.

Upon the occurrence of any Event of Default which has not been remedied, MEAG Power will, if demanded by the Trustee, (1) account as a trustee of an express trust for all Revenues, moneys, securities and funds pledged under the Amended Project One Resolution and (2) pay over or cause to be paid over to the Trustee all assets held by MEAG Power in any fund or account under the Amended Project One Resolution and, as received, all Revenues. The Trustee will apply all moneys, securities, funds and Revenues received during the continuance of an Event of Default (other than amounts on deposit in any separate sub-account in the Debt Service Reserve Account in the Debt Service Fund) as follows and in the following order: (1) to payment of the reasonable and proper charges, expenses and liabilities of the Trustee and Paying Agents, (2) to the payment of Operating Expenses, and (3) to the payment of interest and principal or the redemption price of Project One Senior Bonds without preference or priority of interest over principal or principal over interest, unless the principal of all Project One Senior Bonds has not been declared due and payable, in which case first to the payment of interest and second to the payment of principal on those Project One Senior Bonds which have become due and payable in order of their due dates. Following such application of moneys, securities, funds and Revenues, the Trustee will apply all amounts on deposit in each separate sub-account in the Debt Service Reserve Account in the Debt Service Fund to the payment of interest and principal or the sinking fund redemption price of Project One Senior Bonds of each Additionally Secured Series secured by such separate sub-account without preference or priority of interest over principal or principal over interest, unless the principal of all Project One Senior Bonds of each Additionally Secured Series secured by such separate sub-account has not been declared due and payable, in which case first to the payment of interest and second to the payment of principal on those Project One Senior Bonds of each such Additionally Secured Series which have become due and payable in order of their due dates. In addition, any holders of Project One Senior Bonds or the Trustee will have the right as provided in the Act to apply in an appropriate proceeding for appointment of a receiver of Project One.

If an Event of Default has occurred and has not been remedied the Trustee may, or on request of the holders of not less than 25 percent in principal amount of Project One Senior Bonds outstanding must, take such steps by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Amended Project One Resolution or in aid of the execution of any power granted in the Amended Project One Resolution, or for an accounting against MEAG Power, 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 Amended Project One Resolution. The Trustee may, and upon the request of the holders of a majority in principal amount of the Project One Senior Bonds then outstanding and upon being furnished with reasonable security and indemnity must, institute and prosecute proper actions to prevent any impairment of the security under the Amended Project One Resolution or to preserve or protect the interests of the Trustee and of the Bondholders.

No Bondholder has any right to institute any suit, action or proceeding for the enforcement of any provision of the Amended Project One Resolution or the execution of any trust under the Amended Project One Resolution or for any remedy under the Amended Project One Resolution, unless (1) such Bondholder previously has given the Trustee written notice of the Event of Default, (2) the holders of at least 25 percent in principal amount of the Project One Senior 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 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. There is nothing contained in the Amended Project One Resolution or in the Project One Senior Bonds which affects or impairs MEAG Power's obligation to pay the Project One Senior Bonds and the interest thereon when due, or the right of any Bondholder to enforce such payment.

The holders of not less than a majority in principal amount of Project One Senior Bonds then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon the Trustee (subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction).

The foregoing events of default and remedies under the Amended Project One Resolution are substantially similar to the events of default and remedies under the Amended General Resolution Projects Resolution.

Definitions

The Amended Project One Resolution

Accreted Value. As of any date of computation with respect to any Capital Appreciation Senior Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the supplemental resolution authorizing such Capital Appreciation Senior Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Senior Bonds set forth in the supplemental resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon

an assumption that, unless otherwise provided in the supplemental resolution authorizing such Capital Appreciation Senior Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service. 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 Project One Senior Bonds, calculating accrued Debt Service with respect to each series at an amount equal to the sum of (1) interest on the Project One Senior Bonds of such series accrued and unpaid and to accrue 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; *provided, however*, that (x) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments and (y) with respect to Variable Rate Bonds, interest on such Variable Rate Bonds shall be calculated at the actual rate or rates borne thereby during the period for which such calculation is made.

Additional Facilities. Any of the following: (1) any major renewals, replacements, repairs, additions, betterments and improvements, necessary, in the opinion of MEAG Power, to keep Project One in good operating condition or to prevent a loss of Revenues therefrom, (2) any major additions, improvements, repairs and modifications to Project One and any decommissioning or disposals of Project One required by any governmental agency having jurisdiction over Project One or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any of the Project Agreements, or (3) reload fuel or additional fuel inventory for any generating unit of Project One to the extent that sufficient funds are not available to pay the cost thereof. However, Additional Facilities do not include additional generating units or increases, if any, in MEAG Power's undivided interest in generating units forming a part of the Initial Facilities.

Additionally Secured Series. All series of Project One Senior Bonds outstanding on the Effective Date and any series of Project One Senior Bonds issued after the Effective Date for which the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Project One Senior Bonds of such series shall be secured, in addition to the pledge of the Trust Estate created by the Amended Project One Resolution in favor of all of the Project One Senior Bonds, by amounts on deposit in a separate sub-account to be designated therefor in the Debt Service Reserve Account in the Debt Service Fund.

Adjusted Aggregate Debt Service. For any period shall mean, as of any date of calculation, the Aggregate Debt Service for such period except that if any Refundable Principal Installment for any series of Project One Senior Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service shall mean Aggregate Debt Service 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 (x) the 25th anniversary of the issuance of such series of Project One Senior Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period. Interest deemed payable in any calendar year after the actual due date of any Refundable Principal Installment of any series of Project One Senior Bonds shall be calculated at such rate of interest as MEAG Power, or a banking or financial institution selected by MEAG Power, determines would be a reasonable estimate of the rate of interest that would be borne on Project One Senior Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Capital Appreciation Senior Bonds. Any Project One Senior Bonds issued under the Amended Project One Resolution as to which interest is compounded periodically on dates that are specified in the

supplemental resolution authorizing such Capital Appreciation Senior Bonds and payable only at the maturity or prior redemption of such Project One Senior Bonds.

Collateral Securities. Any of the following securities, if and to the extent the same are at the time legal for investment of MEAG Power's funds:

1. 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 (2) below to the extent unconditionally guaranteed by the United States of America;

2. obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

3. 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; and

4. direct and general obligations of any State within the United States, to the payment of the principal of and interest on which the full faith and credit of such State is pledged, provided that at the time of their purchase under the Amended Project One Resolution such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency.

Debt Service. For any period, as of any date of calculation and with respect to any series of Project One Senior Bonds, an amount equal to the sum of (1) interest accruing during such period with respect to such series (except interest to be paid from Project One Senior Bond proceeds as provided in the Amended Project One 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 (or, if there be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Project One Senior Bonds of such series, whichever is later). Such interest and Principal Installments for such series shall be calculated on the assumptions that:

1. no Project One Senior Bonds of such series (except for Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) outstanding at the date of calculation will cease to be outstanding except by reason of the payment of each Principal Installment on the due date thereof;

2. the principal amount of Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender; and

3. Variable Rate Bonds will bear interest at the rate or rates which were assumed by MEAG Power in the Annual Budget for the applicable year to be borne by Variable Rate Bonds during such year.

Debt Service Reserve Requirement. With respect to the Initial Sub-Account in the Debt Service Reserve Account in the Debt Service Fund, as of any date of calculation, an amount equal to the greatest amount of the Aggregate Debt Service on the Project One Senior Bonds of each Additionally Secured Series secured thereby for the then current or any future calendar year. With respect to each additional sub-account, if any, in the Debt Service Reserve Account in the Debt Service Fund established after the Effective Date, the amount specified in the supplemental resolution pursuant to which such sub-account is established.

Defeasance Securities. Any of the following securities, if and to the extent the same are at the time legal for investment of MEAG Power's funds:

1. 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 (2) below to the extent unconditionally guaranteed by the United States of America;
2. obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation; and
3. any other security designated in a supplemental resolution as a Defeasance Security for purposes of defeasing the Project One Senior Bonds authorized by such supplemental resolution; *provided, however*, that the provisions of this clause (3) shall not apply to any Project One Senior Bonds issued prior to the Effective Date.

Effective Date. The date on which the amendments to the Project One Resolution contained in the Amended and Restated Project One Resolution shall become effective.

Financial Guaranty. (1) In the case of the Initial Sub-Account in the Debt Service Reserve Account, one or more of an irrevocable and unconditional policy of insurance or surety bond in full force and effect issued by an insurance company or association duly authorized to do business in the State of New York and the State of Georgia the financial strength of which, except as otherwise provided in the Amended Project One Resolution, is rated in the highest rating category by Moody's Investors Service, Standard & Poor's, Fitch Ratings and, if rated by A.M. Best & Company, A.M. Best & Company, and providing for the payment thereunder of moneys when required pursuant to the Amended Project One Resolution; and (2) in the case of any sub-account in the Debt Service Reserve Account other than the Initial Sub-Account, a surety bond, an insurance policy, a letter of credit or any other similar obligation, or any combination thereof, of the type specified in the supplemental resolution establishing such sub-account.

Initial Facilities. The undivided ownership interests acquired by MEAG Power in the generating units of the Plants, the transmission system facilities acquired and to be acquired and constructed by MEAG Power as part of Project One and working capital required by MEAG Power, all as described in the Annual Information Statement under "MEAG POWER – Bulk Power Supply Operations."

Investment Securities. Any securities, obligations or investments permitted for investment of MEAG Power's funds from time to time by O.C.G.A. Sections 36-80-3, 36-82-7, 36-83-4 and 50-17-2, as from time to time amended, or any successor provisions thereto, or additional provisions of Georgia law from time to time enacted regarding the investment of funds of MEAG Power, in each case, upon written notice to the Trustee by MEAG Power of the amendment of existing provisions or the adoption of successor or additional provisions.

Option Bonds. Any Project One Senior Bonds which by their terms may be tendered by and at the option of the holder thereof for payment by MEAG Power prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the holder thereof.

Principal Installment. As of any date of calculation and with respect to any series, so long as any Project One Senior Bonds thereof are outstanding, (i) the principal amount of Project One Senior Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for Project One Senior Bonds of such series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Project One Senior Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Project One Senior Bonds of such series, the sum of such principal amount of Project One Senior Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Project One. The Initial Facilities and all Additional Facilities.

Refundable Principal Installment. Any Principal Installment for any series of Project One Senior Bonds which MEAG Power intends to pay with moneys which are not Revenues; *provided, however*, that such intent shall have been expressed in the supplemental resolution authorizing such series of Project One Senior Bonds; and *provided, further*, that any such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as MEAG Power no longer intends to pay such Principal Installment with moneys which are not Revenues.

Revenues. (1) All revenues, income, rents and receipts derived from the ownership and operation of Project One, (2) the proceeds of any business interruption loss insurance, and (3) interest accrued on any moneys or securities (other than in the Construction Fund) held pursuant to the Amended Project One Resolution.

Trust Estate. (1) The proceeds of sale of the Project One Senior Bonds, (2) the Revenues, and (3) all Funds established by the Amended Project One Resolution (other than the Debt Service Reserve Account in the Debt Service Fund), including the investments, if any, thereof.

Variable Rate Bonds. As of any date of determination, any Project One Senior Bond on which the interest rate borne thereby may vary during any part of its remaining term.

The Amended General Resolution Projects Resolution

The definitions set forth above under the Amended Project One Resolution for Accreted Value, Accrued Aggregate Debt Service, Additionally Secured Series, Adjusted Aggregate Debt Service, Capital Appreciation Senior Bonds, Collateral Securities, Debt Service, Debt Service Reserve Requirement, Defeasance Securities, Effective Date, Financial Guaranty, Investment Securities, Option Bonds, Principal Installment, Refundable Principal Installment, Revenues, Trust Estate and Variable Rate Bonds are substantially similar to the same defined terms under the Amended General Resolution Projects Resolution. The Amended General Resolution Projects Resolution has the following additional defined terms:

Additional General Resolution Project. Any of the following if designated as an Additional General Resolution Project in a supplemental resolution: (i) MEAG Power's interest in any electric

generating units and related transmission facilities or electric transmission system facilities, or any mine, well, pipeline, plant structure or other facility for the development, production, manufacture, transportation, storage, fabrication or processing of fossil or nuclear 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 part, in any of MEAG Power's generating plants, including, in any case, land, rights in land, structures, equipment, inventories of supplies, materials of equipment related thereto, or any one or more of the foregoing, together with any Capital Improvements authorized therefor; (ii) where MEAG Power will acquire electric power supply or transmission capability under arrangements whereby MEAG Power purchases rights to receive, or leases or otherwise acquires rights to facilities to enable it to receive, an electric power supply or transmission capability, MEAG Power's rights and interest under such arrangements; (iii) preliminary and developmental work, including engineering, legal and financial studies, in connection with the planning and development of power resources and the determination of the feasibility thereof; and (iv) working capital required by MEAG Power for providing bulk electric power and energy to the Participants in accordance with the provisions of the appropriate Power Sales Contracts; or any one or more of the foregoing, in each of the foregoing cases, together with all rights, interests and facilities of every kind related or incidental thereto or necessary or desirable to carry out such Project.

Annual Project Costs. With respect to any Additional General Resolution Project and any Power Supply Year, to the extent not paid as part of the Cost of Acquisition and Construction of such Project, all costs and expenses paid by MEAG Power during such Power Supply Year allocable to such Project.

Capital Improvements. With respect to any Additional General Resolution Project, any major renewals, replacements, repairs, additions, betterments, improvements, modifications and disposals of such Project the costs of which, pursuant to the Power Sales Contracts relating to such Project, MEAG Power is permitted to finance through the issuance of Additional General Resolution Projects Senior Bonds. In the case of Project Two, Project Three and Project Four, Capital Improvements may include any of the following: (1) any major renewals, replacements, repairs, additions, betterments and improvements, necessary, in the opinion of MEAG Power, to keep the applicable Project in good operating condition or to prevent a loss of Revenues therefrom, (2) any major additions, improvements, repairs and modifications to the applicable Project and any retirements or disposals of the applicable Project required by any governmental agency having jurisdiction over such Project or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any of the Project Agreements, or (3) additional fuel inventory for any generating unit of the applicable Project to the extent that sufficient funds are not available to pay the cost thereof. However, Capital Improvements for Project Two, Project Three and Project Four may not include additional generating units or increases, if any, in MEAG Power's undivided interest in generating units forming a part of the Initial Facilities for the applicable Project.

General Resolution Project. Project Two, Project Three, Project Four or any Additional General Resolution Project.

Initial Facilities for Project Four. The undivided interests acquired by MEAG Power in generating units and common facilities at Plant Vogtle and included in Project Four, together with working capital required by MEAG Power in connection therewith, all as described in the Annual Information Statement under "MEAG POWER – Bulk Power Supply Operations."

Initial Facilities for Project Three. The undivided interests acquired by MEAG Power in generating units and common facilities at Plant Scherer and included in Project Three, together with working capital required by MEAG Power in connection therewith, all as described in the Annual Information Statement under "MEAG POWER – Bulk Power Supply Operations."

Initial Facilities for Project Two. The undivided interests acquired by MEAG Power in generating units and common facilities of Plant Scherer and Plant Wansley and included in Project Two, together with working capital required by MEAG Power in connection therewith, all as described in the Annual Information Statement under “MEAG POWER – Bulk Power Supply Operations.”

Power Sales Contract. With respect to Project Two, each Project Two Power Sales Contract, with respect to Project Three, each Project Three Power Sales Contract, with respect to Project Four, each Project Four Power Sales Contract, and, with respect to any Additional General Resolution Project, each contract entered into with a Participant relating to such Project, all as supplemented or amended from time to time in accordance with the Amended General Resolution Projects Resolution, designated in the supplemental resolution authorizing the acquisition and construction of such Project as a “Power Sales Contract” under the Amended General Resolution Projects Resolution, the term of which does not end earlier than the final maturity date of any General Resolution Projects Senior Bonds authorized to be issued for the purpose of financing the Cost of Acquisition and Construction of such project; *provided, however,* that the contracts for such Projects (a) must require payments by the Participants (either on a fixed percentage basis or pursuant to rates) which are sufficient, together with all other amounts available therefor, to pay, under any and all circumstances, 100 percent of the Annual Project Costs paid by MEAG Power during each Power Supply Year with respect to such Project; (b) must contain a rate covenant by the Participants to the same effect as the rate covenant in the Existing General Resolution Projects Power Sales Contracts; (c) must provide that, unless the payments required to be made by a Participant under its contract or provisions for such payments in any fiscal year shall have been made from the revenues of its electric system, the Participant will annually include in its general revenue or appropriation measure sums sufficient to satisfy the payments required to be made under such contract and, if such provision or appropriation is not made in such year, the chief fiscal officer of the Participant shall, in accordance with the Act, set up as an appropriation on the accounts of such Participant in such year the amounts required to satisfy the payments required to be made under such contract; and (d) must provide that the obligation of each Participant to make payments under its contract shall constitute a general obligation for the payment of which its full faith and credit are pledged and require such payments to be made whether or not such Project or any part thereof has been completed, is operating or operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part.

Project Four. The Initial Facilities for Project Four and Capital Improvements for Project Four.

Project Three. The Initial Facilities for Project Three and Capital Improvements for Project Three.

Project Two. The Initial Facilities for Project Two and Capital Improvements for Project Two.

Amendatory Supplemental Resolutions

General

The Amendatory Supplemental Resolutions provide for the making of certain additional amendments to the Amended Project One Resolution and Amended General Resolution Projects Resolution. Such amendments will not become effective until the date on which all Senior Bonds outstanding under the Project One Resolution or the General Resolution Projects Resolution, as applicable, at December 16, 2011 (the date of adoption of the Amendatory Supplemental Resolutions) cease to be outstanding thereunder. At such time as such amendments become effective, they will apply to all applicable Senior Bonds then outstanding, including the Project One Taxable Series Four Senior Bonds and the General Resolution Projects Taxable 2012A Senior Bonds offered by the Official Statement to which this APPENDIX C is attached.

Redemption of Senior Bonds

Each Amendatory Supplemental Resolution amends the provisions of the applicable Amended Resolution relating to the redemption of Senior Bonds to allow MEAG Power to reserve the right to revoke any notice of redemption given at the election or direction of MEAG Power, and to provide that the obligation of MEAG Power to redeem any Senior Bonds called for redemption at the election or direction of MEAG Power will be conditioned upon sufficient moneys being available therefor.

Future Amendments to the Resolutions

Each Amendatory Supplemental Resolution also provides that the provisions of the applicable Amended Resolution relating to the future amendment thereof will be amended (1) to allow the Trustee to consent to any modification to or amendment of the Amended Resolution which it determines will not have a material adverse effect on the interests of the holders of the applicable Senior Bonds, (2) in the case of any amendment that currently would require the consent of the holders of at least two-thirds in principal amount of all applicable Senior Bonds outstanding, to reduce such requirement to the holders of at least a majority in principal amount of the Senior Bonds then outstanding that are affected by the amendment and (3) to permit, in connection with the initial issuance of the Senior Bonds of any series, such Senior Bonds to be deemed to have consented to any particular amendment to such Amended Resolution, such that the holders of such Senior Bonds will not have the right to revoke such consent.

APPENDIX D

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AND
STATEMENT OF NET REVENUES AS OF AND FOR THE SIX MONTHS ENDED
JUNE 30, 2011 AND 2010**

Condensed Consolidated Balance Sheet (Unaudited)

(In thousands)	June 30, 2011								June 30, 2010
	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects	Trust Funds	Telecom Project	Reclassifications (Eliminations)	Total	Total
ASSETS									
Property, plant and equipment - net	\$1,596,969	\$589,679	\$259,611	\$863,761	\$ -	\$9,928	\$ -	\$3,319,948	\$2,891,955
Other non-current assets	567,654	186,708	48,027	1,991,876	784,957	-	(368,215)	3,211,007	3,617,684
Current assets	279,226	108,175	44,705	18,014	195,865	1,697	(10,896)	636,786	649,172
Deferred debits	378,494	62,127	(6,557)	63,180	(368,134)	(4,628)	36,530	161,012	173,889
TOTAL ASSETS	\$2,822,343	\$946,689	\$345,786	\$2,936,831	\$612,688	\$6,997	\$(342,581)	\$7,328,753	\$7,332,700
LIABILITIES									
Long-term debt	\$2,309,441	\$824,559	\$312,726	\$2,672,686	\$ -	\$5,140	\$(367,040)	\$5,757,512	\$5,895,660
Lease finance obligation	-	-	-	-	334,267	-	-	334,267	319,816
Other non-current liabilities	265,320	35,653	-	21,857	75,939	472	36,530	435,771	353,710
Current portion of long-term debt	135,410	57,215	17,025	-	-	1,175	(1,175)	209,650	201,367
Flexible trust funds held for Participants	-	-	-	-	195,041	-	-	195,041	186,143
Other current liabilities	112,172	29,262	16,035	242,288	7,441	210	(10,896)	396,512	376,004
TOTAL LIABILITIES	\$2,822,343	\$946,689	\$345,786	\$2,936,831	\$612,688	\$6,997	\$(342,581)	\$7,328,753	\$7,332,700

Condensed Consolidated Statement of Net Revenues (Unaudited)

(In thousands)	Six months ended June 30, 2011								Six months ended June 30, 2010
	Project One	General Resolution Projects	Combined Cycle Project	Vogle Units 3&4 Projects	Trust Funds	Telecom Project	Eliminations	Total	Total
Revenues:									
Participant ⁽¹⁾	\$172,968	\$ 89,922	\$36,511	\$ -	\$ -	\$819	\$ -	\$300,220	\$279,142
Other	47,529	16,636	7,619	-	-	54	-	71,838	82,659
Total revenues	220,497	106,558	44,130	-	-	873	-	372,058	361,801
Operating expenses	127,230	68,715	29,959	-	44,726	504	-	271,134	258,835
Net operating revenues (loss)	93,267	37,843	14,171	-	(44,726)	369	-	100,924	102,966
Net interest expense (income)	44,328	18,647	7,778	21,534	(8,025)	203	-	84,465	65,950
Decrease (increase) in net costs to be recovered from Participants	48,939	19,196	6,393	(21,534)	(36,701)	166	-	16,459	37,016
NET REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(1) Net of over-recovery of \$5.8 million and \$6.3 million for the six months ended June 30, 2011 and 2010, respectively. These amounts are included in other current liabilities and may not be indicative of future results.

These condensed consolidated financial statements, which include the accounts of the Power Revenue Bond Resolution (Project One), the General Power Revenue Bond Resolution (General Resolution Projects), the Combined Cycle Project Bond Resolution (Combined Cycle Project), the Vogle Units 3&4 Projects, the Municipal Competitive Trust and the Deferred Lease Financing Trust (Trust Funds), and the Telecommunications Project (Telecom Project), should be read in conjunction with MEAG Power's 2010 audited financial statements.

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**PROPOSED FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE PROJECT ONE
TAXABLE SERIES FOUR SENIOR BONDS**

Upon the delivery of the Project One Taxable Series Four Senior Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, proposes to render its final approving opinion with respect to the Project One Taxable Series Four Senior Bonds in substantially the following form:

January __, 2012

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Municipal Electric Authority of Georgia
Power Revenue Bonds, Taxable Series Four

Gentlemen:

We have acted as bond counsel to the Municipal Electric Authority of Georgia (the "Authority"), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with the issuance of \$100,650,000 aggregate principal amount of the Authority's Power Revenue Bonds, Taxable Series Four (the "Project One Taxable Series Four Senior Bonds"), issued pursuant to the provisions of the Act creating the Municipal Electric Authority of Georgia, codified at Official Code of Georgia Annotated, § 46-3-110, *et seq.*, as amended (the "Act"), and under and pursuant to a resolution of the Authority adopted on August 30, 1976 entitled "Power Revenue Bond Resolution," as heretofore supplemented, amended and restated (the "Bond Resolution"), including as supplemented by a resolution supplemental thereto adopted by the Authority on December 30, 2011 entitled "Thirty-Fifth Supplemental Power Revenue Bond Resolution" authorizing the issuance of the Project One Taxable Series Four Senior Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

The Bond Resolution provides that the Project One Taxable Series Four Senior Bonds are being issued for the stated purposes of (a) financing certain capital improvements to the Project, (b) providing a portion of the funds required to retire certain taxable commercial paper notes that were issued to finance or refinance certain improvements to the coal-fired generating units included in the Project, (c) providing moneys for deposit in the Debt Service Reserve Account in the Debt Service Fund established under the Bond Resolution and (d) paying the costs of issuance of the Project One Taxable Series Four Senior Bonds. The Authority reserves the right to issue additional Bonds under the Bond Resolution on the terms and conditions and for the purposes stated therein. Except as provided in the Bond Resolution, all Outstanding Bonds shall rank equally as to security and payment.

The Authority has entered into forty-nine separate Project One Power Sales Contracts with forty-nine political subdivisions of the State of Georgia (said Power Sales Contracts, as heretofore amended, are herein called the "Power Sales Contracts").

As bond counsel, we have reviewed a certified copy of the Bond Resolution, certified copies of the Power Sales Contracts, opinions of counsel to the Authority, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Project One Taxable Series Four Senior Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph of this letter (except that we have not relied on any such legal conclusions that are to the same effect as the opinions set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Resolution and the Power Sales Contracts. In rendering the opinion expressed in paragraph 1 below, we have examined the Act, the Bond Resolution, each Supplemental Resolution adopted in accordance with the Bond Resolution prior to August 7, 2000 (such date being the date on which the Authority adopted its first Supplemental Resolution following the commencement of our engagement as bond counsel to the Authority) and the Opinion of Counsel required to be filed with the Trustee to the effect that each such Supplemental Resolution was duly and lawfully adopted in accordance with the provisions of the Bond Resolution, is authorized or permitted by the Bond Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, but have made no other inquiry or investigation with respect thereto. We call attention to the fact that the rights and obligations under the Project One Taxable Series Four Senior Bonds, the Bond Resolution and the Power Sales Contracts and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies corporate and politic of the State of Georgia. We express no opinion with respect to any indemnification, contribution, penalty, arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement of the Authority, dated December 30, 2011, relating to, among others, the Project One Taxable Series Four Senior Bonds or other offering material relating to the Project One Taxable Series Four Senior Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has the right and power under the Act to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect in accordance with its terms and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The Bond Resolution creates the valid pledge and assignment it purports to create of (i) the proceeds of sale of the Bonds, (ii) the Revenues, and (iii) all Funds established by the Bond Resolution, including the investments, if any, thereof, subject only to the provisions of the Bond Resolution

permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.

2. The Authority is duly authorized and entitled to issue the Project One Taxable Series Four Senior Bonds, and the Project One Taxable Series Four Senior Bonds have been duly validated, authorized and issued by the Authority in accordance with the Constitution and laws of the State of Georgia, including the Act, and the Bond Resolution. The Project One Taxable Series Four Senior Bonds constitute the valid and binding obligations of the Authority as provided in the Bond Resolution, are enforceable in accordance with their terms and the terms of the Bond Resolution and are entitled to the benefits of the Act and the Bond Resolution. The Project One Taxable Series Four Senior Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than the Authority, but the Project One Taxable Series Four Senior Bonds are payable from the funds of the Authority as provided in the Bond Resolution. The issuance of the Project One Taxable Series Four Senior Bonds shall not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation whatever for the payment thereof. No Holder of the Project One Taxable Series Four Senior Bonds or receiver or trustee in connection therewith shall have the right to enforce the payment thereof against any property of the State of Georgia or any political subdivision thereof, other than the Authority, nor shall any Project One Taxable Series Four Senior Bond constitute a charge, lien or encumbrance, legal or equitable, upon any such property. The Project One Taxable Series Four Senior Bonds rank equally as to security and payment with the Authority's Outstanding Bonds.

3. The Authority has the right and power to enter into and carry out its obligations under the Power Sales Contracts and has duly authorized, executed and delivered the Power Sales Contracts which constitute valid and binding agreements of the Authority in accordance with their terms.

We express no opinion regarding any tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Project One Taxable Series Four Senior Bonds. Nixon Peabody LLP, Special Tax Counsel to the Authority, has rendered an opinion, dated the date hereof, as to such tax consequences.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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**PROPOSED FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE GENERAL RESOLUTION PROJECTS
TAXABLE 2012A SERIES SENIOR BONDS**

Upon the delivery of the General Resolution Projects Taxable 2012A Series Senior Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, proposes to render its final approving opinion with respect to the General Resolution Projects Taxable 2012A Series Senior Bonds in substantially the following form:

January __, 2012

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Municipal Electric Authority of Georgia
General Power Revenue Bonds, Taxable 2012A Series

Gentlemen:

We have acted as bond counsel to the Municipal Electric Authority of Georgia (the "Authority"), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with the issuance of \$58,040,000 aggregate principal amount of the Authority's General Power Revenue Bonds, Taxable 2012A Series (the "General Resolution Projects Taxable 2012A Series Senior Bonds"), issued pursuant to the provisions of the Act creating the Municipal Electric Authority of Georgia, codified at Official Code of Georgia Annotated, § 46-3-110, *et seq.*, as amended (the "Act"), and under and pursuant to a resolution of the Authority adopted on March 22, 1978 and readopted on April 19, 1978 entitled "General Power Revenue Bond Resolution," as heretofore supplemented, amended and restated (the "Bond Resolution"), including as supplemented by a resolution supplemental thereto adopted by the Authority on December 30, 2011 entitled "Nineteenth Supplemental General Power Revenue Bond Resolution" authorizing the issuance of the General Resolution Projects Taxable 2012A Series Senior Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

The Bond Resolution provides that the General Resolution Projects Taxable 2012A Series Senior Bonds are being issued for the stated purposes of (a) financing certain capital improvements to Project Two and Project Three, (b) providing the moneys required to retire certain taxable commercial paper notes that were issued to finance certain improvements to the coal-fired generating units included in Projects Two and Three, (c) providing moneys for deposit in the Debt Service Reserve Account in the Debt Service Fund established under the Bond Resolution and (d) paying the costs of issuance of the General Resolution Projects Taxable 2012A Series Senior Bonds. The Authority reserves the right to issue additional Bonds under the Bond Resolution on the terms and conditions and for the purposes stated therein. Except as provided in the Bond Resolution, all Outstanding Bonds shall rank equally as to security and payment.

The Authority has entered into forty-eight separate Project Two Power Sales Contracts, Project Three Power Sales Contracts and Project Four Power Sales Contracts with forty-eight political

subdivisions of the State of Georgia (said Power Sales Contracts, as heretofore amended, are herein called the "Power Sales Contracts").

As bond counsel, we have reviewed a certified copy of the Bond Resolution, certified copies of the Power Sales Contracts, opinions of counsel to the Authority, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the General Resolution Projects Taxable 2012A Series Senior Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph of this letter (except that we have not relied on any such legal conclusions that are to the same effect as the opinions set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Resolution and the Power Sales Contracts. In rendering the opinion expressed in paragraph 1 below, we have examined the Act, the Bond Resolution, each Supplemental Resolution adopted in accordance with the Bond Resolution prior to August 7, 2000 (such date being the date on which the Authority adopted its first Supplemental Resolution following the commencement of our engagement as bond counsel to the Authority) and the Opinion of Counsel required to be filed with the Trustee to the effect that each such Supplemental Resolution was duly and lawfully adopted in accordance with the provisions of the Bond Resolution, is authorized or permitted by the Bond Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, but have made no other inquiry or investigation with respect thereto. We call attention to the fact that the rights and obligations under the General Resolution Projects Taxable 2012A Series Senior Bonds, the Bond Resolution and the Power Sales Contracts and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies corporate and politic of the State of Georgia. We express no opinion with respect to any indemnification, contribution, penalty, arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement of the Authority, dated December 30, 2011, relating to, among others, the General Resolution Projects Taxable 2012A Series Senior Bonds or other offering material relating to the General Resolution Projects Taxable 2012A Series Senior Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has the right and power under the Act to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect in accordance with its terms and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The

Bond Resolution creates the valid pledge and assignment it purports to create of (i) the proceeds of sale of the Bonds, (ii) the Revenues, and (iii) all Funds established by the Bond Resolution, including the investments, if any, thereof, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.

2. The Authority is duly authorized and entitled to issue the General Resolution Projects Taxable 2012A Series Senior Bonds, and the General Resolution Projects Taxable 2012A Series Senior Bonds have been duly validated, authorized and issued by the Authority in accordance with the Constitution and laws of the State of Georgia, including the Act, and the Bond Resolution. The General Resolution Projects Taxable 2012A Series Senior Bonds constitute the valid and binding obligations of the Authority as provided in the Bond Resolution, are enforceable in accordance with their terms and the terms of the Bond Resolution and are entitled to the benefits of the Act and the Bond Resolution. The General Resolution Projects Taxable 2012A Series Senior Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than the Authority, but the General Resolution Projects Taxable 2012A Series Senior Bonds are payable from the funds of the Authority as provided in the Bond Resolution. The issuance of the General Resolution Projects Taxable 2012A Series Senior Bonds shall not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation whatever for the payment thereof. No Holder of the General Resolution Projects Taxable 2012A Series Senior Bonds or receiver or trustee in connection therewith shall have the right to enforce the payment thereof against any property of the State of Georgia or any political subdivision thereof, other than the Authority, nor shall any General Resolution Projects Taxable 2012A Series Senior Bond constitute a charge, lien or encumbrance, legal or equitable, upon any such property. The General Resolution Projects Taxable 2012A Series Senior Bonds rank equally as to security and payment with the Authority's Outstanding Bonds.

3. The Authority has the right and power to enter into and carry out its obligations under the Power Sales Contracts and has duly authorized, executed and delivered the Power Sales Contracts which constitute valid and binding agreements of the Authority in accordance with their terms.

We express no opinion regarding any tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the General Resolution Projects Taxable 2012A Series Senior Bonds. Nixon Peabody LLP, Special Tax Counsel to the Authority, has rendered an opinion, dated the date hereof, as to such tax consequences.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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**PROPOSED FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE PROJECT ONE
TAXABLE SERIES 2012A SUBORDINATED BONDS**

Upon the delivery of the Project One Taxable Series 2012A Subordinated Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, proposes to render its final approving opinion with respect to the Project One Taxable Series 2012A Subordinated Bonds in substantially the following form:

January __, 2012

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Municipal Electric Authority of Georgia
Project One Subordinated Bonds, Taxable Series 2012A

Gentlemen:

We have acted as bond counsel to the Municipal Electric Authority of Georgia (the "Authority"), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with the issuance of \$59,575,000 aggregate principal amount of the Authority's Project One Subordinated Bonds, Taxable Series 2012A (the "Project One Taxable Series 2012A Subordinated Bonds"), issued pursuant to the provisions of the Act creating the Municipal Electric Authority of Georgia, codified at Official Code of Georgia Annotated, § 46-3-110, *et seq.*, as amended (the "Act"), and under and pursuant to a resolution of the Authority adopted on October 20, 1982 entitled "Project One Subordinated Bond Resolution," as heretofore amended and supplemented (the "Subordinated Resolution"), including as supplemented by a resolution supplemental thereto adopted by the Authority on December 30, 2011 entitled "Thirty-Ninth Supplemental Project One Subordinated Bond Resolution" authorizing the issuance of the Project One Taxable Series 2012A Subordinated Bonds. The Subordinated Resolution is supplemental to a resolution of the Authority adopted on August 30, 1976 entitled "Power Revenue Bond Resolution," as heretofore amended, restated and supplemented (the "Bond Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Subordinated Resolution.

The Subordinated Resolution provides that the Project One Taxable Series 2012A Subordinated Bonds are being issued for the stated purposes of (a) financing certain capital improvements to the Project (including repayment of certain interim borrowings made for such purpose), (b) providing a portion of the moneys required to retire certain taxable commercial paper notes that were issued to finance or refinance certain improvements to the coal-fired generating units included in the Project and (c) paying the costs of issuance of the Project One Taxable Series 2012A Subordinated Bonds. The Authority reserves the right to issue additional Subordinated Bonds under the Subordinated Resolution on the terms and conditions and for the purposes stated therein. Except as provided in the Subordinated Resolution, all Outstanding Subordinated Bonds shall rank equally as to security and payment.

The Authority has entered into forty-nine separate Project One Power Sales Contracts with forty-nine political subdivisions of the State of Georgia (said Power Sales Contracts, as heretofore amended, are herein called the "Power Sales Contracts").

As bond counsel, we have reviewed a certified copy of the Bond Resolution, a certified copy of the Subordinated Resolution, certified copies of the Power Sales Contracts, opinions of counsel to the Authority, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Project One Taxable Series 2012A Subordinated Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph of this letter (except that we have not relied on any such legal conclusions that are to the same effect as the opinions set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Resolution, the Subordinated Resolution and the Power Sales Contracts. In rendering the opinion expressed in paragraph 1 below, we have examined the Act, the Bond Resolution, each Supplemental Resolution adopted in accordance with the Bond Resolution (including the Subordinated Resolution) prior to August 7, 2000 (such date being the date on which the Authority adopted its first Supplemental Resolution following the commencement of our engagement as bond counsel to the Authority) and the Opinion of Counsel required to be filed with the Trustee to the effect that each such Supplemental Resolution was duly and lawfully adopted in accordance with the provisions of the Bond Resolution, is authorized or permitted by the Bond Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, but have made no other inquiry or investigation with respect thereto. We call attention to the fact that the rights and obligations under the Project One Taxable Series 2012A Subordinated Bonds, the Bond Resolution, the Subordinated Resolution and the Power Sales Contracts and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies corporate and politic of the State of Georgia. We express no opinion with respect to any indemnification, contribution, penalty, arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement of the Authority, dated December 30, 2011, relating to, among others, the Project One Taxable Series 2012A Subordinated Bonds or other offering material relating to the Project One Taxable Series 2012A Subordinated Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has the right and power under the Act to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect in accordance with its terms and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The Subordinated Resolution creates the valid pledge and assignment it purports to create of the Subordinated Bond Fund established pursuant to the Bond Resolution, including the investments,

if any, thereof, subject only to the provisions of the Bond Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution and the Subordinated Resolution; provided, however, that such pledge is subordinate in all respects to the pledge of Revenues, moneys, securities and funds created by the Bond Resolution as security for the Bonds.

2. The Authority is duly authorized and entitled to issue the Project One Taxable Series 2012A Subordinated Bonds, and the Project One Taxable Series 2012A Subordinated Bonds have been duly validated, authorized and issued by the Authority in accordance with the Constitution and laws of the State of Georgia, including the Act, and the Subordinated Resolution. The Project One Taxable Series 2012A Subordinated Bonds constitute the valid and binding obligations of the Authority as provided in the Subordinated Resolution, are enforceable in accordance with their terms and the terms of the Subordinated Resolution and are entitled to the benefits of the Act and the Subordinated Resolution. The Project One Taxable Series 2012A Subordinated Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than the Authority, but the Project One Taxable Series 2012A Subordinated Bonds are payable from the funds of the Authority as provided in the Subordinated Resolution. The issuance of the Project One Taxable Series 2012A Subordinated Bonds shall not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation whatever for the payment thereof. No Holder of the Project One Taxable Series 2012A Subordinated Bonds or receiver or trustee in connection therewith shall have the right to enforce the payment thereof against any property of the State of Georgia or any political subdivision thereof, other than the Authority, nor shall any Project One Taxable Series 2012A Subordinated Bond constitute a charge, lien or encumbrance, legal or equitable, upon any such property. The Project One Taxable Series 2012A Subordinated Bonds rank equally as to security and payment with the Authority's Outstanding Subordinated Bonds.

3. The Authority has the right and power to enter into and carry out its obligations under the Power Sales Contracts and has duly authorized, executed and delivered the Power Sales Contracts which constitute valid and binding agreements of the Authority in accordance with their terms.

We express no opinion regarding any tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Project One Taxable Series 2012A Subordinated Bonds. Nixon Peabody LLP, Special Tax Counsel to the Authority, has rendered an opinion, dated the date hereof, as to such tax consequences.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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**PROPOSED FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE GENERAL RESOLUTION PROJECTS
TAXABLE SERIES 2012A SUBORDINATED BONDS**

Upon the delivery of the General Resolution Projects Taxable Series 2012A Subordinated Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, proposes to render its final approving opinion with respect to the General Resolution Projects Taxable Series 2012A Subordinated Bonds in substantially the following form:

January __, 2012

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Municipal Electric Authority of Georgia
General Resolution Projects Subordinated Bonds, Taxable Series 2012A

Gentlemen:

We have acted as bond counsel to the Municipal Electric Authority of Georgia (the "Authority"), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with the issuance of \$81,160,000 aggregate principal amount of the Authority's General Resolution Projects Subordinated Bonds, Taxable Series 2012A (the "General Resolution Projects Taxable Series 2012A Subordinated Bonds"), issued pursuant to the provisions of the Act creating the Municipal Electric Authority of Georgia, codified at Official Code of Georgia Annotated, § 46-3-110, *et seq.*, as amended (the "Act"), and under and pursuant to a resolution of the Authority adopted on November 1, 1985 entitled "General Resolution Projects Subordinated Bond Resolution," as heretofore amended and supplemented (the "Subordinated Resolution"), including as supplemented by a resolution supplemental thereto adopted by the Authority on December 30, 2011 entitled "Eighteenth Supplemental General Resolution Projects Subordinated Bond Resolution" authorizing the issuance of the General Resolution Projects Taxable Series 2012A Subordinated Bonds. The Subordinated Resolution is supplemental to a resolution of the Authority adopted on March 22, 1978 and readopted on April 19, 1978 entitled "General Power Revenue Bond Resolution," as heretofore amended, restated and supplemented (the "Bond Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Subordinated Resolution.

The Subordinated Resolution provides that the General Resolution Projects Taxable Series 2012A Subordinated Bonds are being issued for the stated purposes of (a) financing certain capital improvements to Project Two and Project Three (including repayment of certain interim borrowings made for such purpose), (b) providing a portion of the moneys required to retire certain taxable commercial paper notes that were issued to refinance certain improvements to the coal-fired generating units included in Project Four and (c) paying the costs of issuance of the General Resolution Projects Taxable 2012A Series Subordinated Bonds. The Authority reserves the right to issue additional Subordinated Bonds under the Subordinated Resolution on the terms and conditions and for the purposes stated therein. Except as provided in the Subordinated Resolution, all Outstanding Subordinated Bonds shall rank equally as to security and payment.

The Authority has entered into forty-eight separate Project Two Power Sales Contracts, Project Three Power Sales Contracts and Project Four Power Sales Contracts with forty-eight political subdivisions of the State of Georgia (said Power Sales Contracts, as heretofore amended, are herein called the "Power Sales Contracts").

As bond counsel, we have reviewed a certified copy of the Bond Resolution, a certified copy of the Subordinated Resolution, certified copies of the Power Sales Contracts, opinions of counsel to the Authority, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the General Resolution Projects Taxable Series 2012A Subordinated Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph of this letter (except that we have not relied on any such legal conclusions that are to the same effect as the opinions set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Resolution, the Subordinated Resolution and the Power Sales Contracts. In rendering the opinion expressed in paragraph 1 below, we have examined the Act, the Bond Resolution, each Supplemental Resolution adopted in accordance with the Bond Resolution (including the Subordinated Resolution) prior to August 7, 2000 (such date being the date on which the Authority adopted its first Supplemental Resolution following the commencement of our engagement as bond counsel to the Authority) and the Opinion of Counsel required to be filed with the Trustee to the effect that each such Supplemental Resolution was duly and lawfully adopted in accordance with the provisions of the Bond Resolution, is authorized or permitted by the Bond Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, but have made no other inquiry or investigation with respect thereto. We call attention to the fact that the rights and obligations under the General Resolution Projects Taxable Series 2012A Subordinated Bonds, the Bond Resolution, the Subordinated Resolution and the Power Sales Contracts and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies corporate and politic of the State of Georgia. We express no opinion with respect to any indemnification, contribution, penalty, arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement of the Authority, dated December 30, 2011, relating to, among others, the General Resolution Projects Taxable Series 2012A Subordinated Bonds or other offering material relating to the General Resolution Projects Taxable Series 2012A Subordinated Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has the right and power under the Act to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and

effect in accordance with its terms and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The Subordinated Resolution creates the valid pledge and assignment it purports to create of the Subordinated Bond Fund established pursuant to the Bond Resolution, including the investments, if any, thereof, subject only to the provisions of the Bond Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution and the Subordinated Resolution; provided, however, that such pledge is subordinate in all respects to the pledge of Revenues, moneys, securities and funds created by the Bond Resolution as security for the Bonds.

2. The Authority is duly authorized and entitled to issue the General Resolution Projects Taxable Series 2012A Subordinated Bonds, and the General Resolution Projects Taxable Series 2012A Subordinated Bonds have been duly validated, authorized and issued by the Authority in accordance with the Constitution and laws of the State of Georgia, including the Act, and the Subordinated Resolution. The General Resolution Projects Taxable Series 2012A Subordinated Bonds constitute the valid and binding obligations of the Authority as provided in the Subordinated Resolution, are enforceable in accordance with their terms and the terms of the Subordinated Resolution and are entitled to the benefits of the Act and the Subordinated Resolution. The General Resolution Projects Taxable Series 2012A Subordinated Bonds do not constitute a debt or a loan or pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, other than the Authority, but the General Resolution Projects Taxable Series 2012A Subordinated Bonds are payable from the funds of the Authority as provided in the Subordinated Resolution. The issuance of the General Resolution Projects Taxable Series 2012A Subordinated Bonds shall not obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation whatever for the payment thereof. No Holder of the General Resolution Projects Taxable Series 2012A Subordinated Bonds or receiver or trustee in connection therewith shall have the right to enforce the payment thereof against any property of the State of Georgia or any political subdivision thereof, other than the Authority, nor shall any General Resolution Projects Taxable Series 2012A Subordinated Bond constitute a charge, lien or encumbrance, legal or equitable, upon any such property. The General Resolution Projects Taxable Series 2012A Subordinated Bonds rank equally as to security and payment with the Authority's Outstanding Subordinated Bonds.

3. The Authority has the right and power to enter into and carry out its obligations under the Power Sales Contracts and has duly authorized, executed and delivered the Power Sales Contracts which constitute valid and binding agreements of the Authority in accordance with their terms.

We express no opinion regarding any tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the General Resolution Projects Taxable Series 2012A Subordinated Bonds. Nixon Peabody LLP, Special Tax Counsel to the Authority, has rendered an opinion, dated the date hereof, as to such tax consequences.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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**PROPOSED FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE PROJECT ONE POWER SALES CONTRACTS**

Upon the delivery of the Project One Taxable Series Four Senior Bonds and the Project One Taxable Series 2012A Subordinated Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, proposes to render its opinion with respect to the Project One Power Sales Contracts between MEAG Power and the Participants in substantially the following form:

January __, 2012

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Gentlemen:

We have acted as bond counsel to the Municipal Electric Authority of Georgia (the “Authority”), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with the issuance of \$100,650,000 aggregate principal amount of the Authority’s Power Revenue Bonds, Taxable Series Four (the “Project One Taxable Series Four Senior Bonds”) and \$59,575,000 aggregate principal amount of the Authority’s Project One Subordinated Bonds, Taxable Series 2012A (the “Project One Taxable Series 2012A Subordinated Bonds”). The Project One Taxable Series Four Senior Bonds and the Project One Taxable Series 2012A Subordinated Bonds are sometimes collectively referred to herein as the “Bonds.” The Bonds are issued pursuant to the provisions of the Act creating the Municipal Electric Authority of Georgia, codified at Official Code of Georgia Annotated, § 46-3-110, *et seq.*, as amended (the “Act”), and, with respect to the Project One Taxable Series Four Senior Bonds, under and pursuant to a resolution of the Authority adopted on August 30, 1976 entitled “Power Revenue Bond Resolution,” as heretofore supplemented, amended and restated, and, with respect to the Project One Taxable Series 2012A Subordinated Bonds, under and pursuant to a resolution of the Authority adopted on October 20, 1982 entitled “Project One Subordinated Bond Resolution,” as heretofore amended and supplemented, and are more particularly described in the Official Statement of the Authority, dated December 30, 2011, relating to, among others, the Bonds (the “Official Statement”).

The Authority has entered into separate Power Sales Contracts (each such Power Sales Contract, a “Power Sales Contract”; collectively, the “Power Sales Contracts”) with certain political subdivisions of the State of Georgia more particularly described in the Official Statement (each such political subdivision, a “Participant”; collectively, the “Participants”), providing for the sale of power and energy from Project One (as defined in the Official Statement).

As bond counsel, we have reviewed the Act, certified copies of the Power Sales Contracts and amendments thereto, opinions of counsel to the Authority, certificates of the Authority and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinion set forth herein.

You have asked us to review certain legal matters relating to the Power Sales Contracts. The opinion expressed herein is based upon an analysis of existing laws, regulations, rulings and court decisions and covers certain matters not directly addressed by such authorities. Such opinion may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. For purposes of the opinion hereinafter expressed,

we are not passing upon, and have assumed, without undertaking to verify, that (a) each Participant was duly created and is validly existing as a political subdivision of the State of Georgia, (b) all actions taken by each Participant in connection with its Power Sales Contract and amendment(s) thereto were taken in conformity with the requirements of the charter, by-laws or other governing instruments of such Participant, (c) the Authority and each Participant has duly and validly executed and delivered the Power Sales Contract(s) and amendment(s) thereto to which it is a party, (d) all documents, instruments and records submitted to us as copies, whether certified or not, conform to the originals thereof, (e) all persons executing documents or instruments as officers of any party or parties to such documents were duly elected or appointed to their respective offices at the time of such execution and (f) all signatures on all documents we have examined are genuine. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph of this letter (except that we have not relied on any such legal conclusions that are to the same effect as the opinion set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Power Sales Contracts. We call attention to the fact that the rights and obligations under the Power Sales Contracts and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies corporate and politic and political subdivisions of the State of Georgia. We express no opinion with respect to any indemnification, contribution, penalty, arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

In addition, we express no opinion, and have made no investigation, as to (i) any local or special acts or any ordinance, resolution or other proceeding of any Participant, (ii) any indenture, agreement or other instrument (other than the Power Sales Contract and amendment(s) thereto) of any Participant, (iii) any judicial or governmental order, regulation, rule, judgment or decree of or applicable to any Participant except *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. C-22478 (Super. Ct. Fulton County, Ga., September 28, 1976), *aff'd sub nom, Thompson vs. Municipal Electric Authority of Georgia, et al.*, 231 S.E.2d 720 (Ga. 1976); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. C-93765 (Super. Ct. Fulton County, Ga., December 22, 1982); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. D-2877 (Super. Ct. Fulton County, Ga., October 13, 1983); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. D-3516 (Super. Ct. Fulton County, Ga., February 17, 1984); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. D-42431 (Super. Ct. Fulton County, Ga., May 5, 1987); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. E-1178 (Super. Ct. Fulton County, Ga., July 9, 1992); *City of Cartersville vs. Municipal Electric Authority of Georgia*, 277 Ga. 575 (2004); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. E-2004CV94098 (Super. Ct. Fulton County, Ga., December 14, 2004); and *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. 2009CV174900 (Super. Ct. Fulton County, Ga., September 29, 2009), or (iv) any approval, consent, filing, registration or authorization by or with any governmental or public agency, authority or person which may be required for the execution, delivery or performance by a Participant of the Power Sales Contract or amendment(s) thereto to which it is a party.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the Participants have the right and power to enter into and carry out their respective obligations under their respective Power Sales Contracts, as amended, and such Power Sales Contracts, as amended, constitute valid and binding agreements of such respective Participants enforceable in accordance with their terms.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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**PROPOSED FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE PROJECT TWO, PROJECT THREE
AND PROJECT FOUR POWER SALES CONTRACTS**

Upon the delivery of the General Resolution Projects Taxable 2012A Series Senior Bonds and the General Resolution Projects Taxable Series 2012A Subordinated Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to MEAG Power, proposes to render its opinion with respect to the Project Two, Project Three and Project Four Power Sales Contracts between MEAG Power and the Participants in substantially the following form:

January __, 2012

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Gentlemen:

We have acted as bond counsel to the Municipal Electric Authority of Georgia (the "Authority"), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with the issuance of \$58,040,000 aggregate principal amount of the Authority's General Power Revenue Bonds, Taxable 2012A Series (the "General Resolution Projects Taxable 2012A Series Senior Bonds") and \$81,160,000 aggregate principal amount of the Authority's General Resolution Projects Subordinated Bonds, Taxable Series 2012A (the "General Resolution Projects Taxable Series 2012A Subordinated Bonds"). The General Resolution Projects Taxable 2012A Series Senior Bonds and the General Resolution Projects Taxable Series 2012A Subordinated Bonds are sometimes collectively referred to herein as the "Bonds." The Bonds are issued pursuant to the provisions of the Act creating the Municipal Electric Authority of Georgia, codified at Official Code of Georgia Annotated, § 46-3-110, *et seq.*, as amended (the "Act"), and, with respect to the General Resolution Projects Taxable 2012A Series Senior Bonds, under and pursuant to a resolution of the Authority adopted on March 22, 1978 and readopted on April 19, 1978 entitled "General Power Revenue Bond Resolution," as heretofore amended, supplemented and restated, and, with respect to the General Resolution Projects Taxable Series 2012A Subordinated Bonds, under and pursuant to a resolution of the Authority adopted on November 1, 1985 entitled "General Resolution Projects Subordinated Bond Resolution", as heretofore amended and supplemented, and are more particularly described in the Official Statement of the Authority, dated December 30, 2011, relating to, among others, the Bonds (the "Official Statement").

The Authority has entered into separate Power Sales Contracts (each such Power Sales Contract, a "Power Sales Contract"; collectively, the "Power Sales Contracts") with certain political subdivisions of the State of Georgia more particularly described in the Official Statement (each such political subdivision, a "Participant"; collectively, the "Participants"), providing for the sale of power and energy from each of the Authority's Existing General Resolution Projects (as defined in the Official Statement).

As bond counsel, we have reviewed the Act, certified copies of the Power Sales Contracts and amendments thereto, opinions of counsel to the Authority, certificates of the Authority and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinion set forth herein.

You have asked us to review certain legal matters relating to the Power Sales Contracts. The opinion expressed herein is based upon an analysis of existing laws, regulations, rulings and court decisions and covers certain matters not directly addressed by such authorities. Such opinion may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or

any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. For purposes of the opinion hereinafter expressed, we are not passing upon, and have assumed, without undertaking to verify, that (a) each Participant was duly created and is validly existing as a political subdivision of the State of Georgia, (b) all actions taken by each Participant in connection with its Power Sales Contracts and amendment(s) thereto were taken in conformity with the requirements of the charter, by-laws or other governing instruments of such Participant, (c) the Authority and each Participant has duly and validly executed and delivered the Power Sales Contracts and amendment(s) thereto to which it is a party, (d) all documents, instruments and records submitted to us as copies, whether certified or not, conform to the originals thereof, (e) all persons executing documents or instruments as officers of any party or parties to such documents were duly elected or appointed to their respective offices at the time of such execution and (f) all signatures on all documents we have examined are genuine. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph of this letter (except that we have not relied on any such legal conclusions that are to the same effect as the opinion set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Power Sales Contracts. We call attention to the fact that the rights and obligations under the Power Sales Contracts and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies corporate and politic and political subdivisions of the State of Georgia. We express no opinion with respect to any indemnification, contribution, penalty, arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

In addition, we express no opinion, and have made no investigation, as to (i) any local or special acts or any ordinance, resolution or other proceeding of any Participant, (ii) any indenture, agreement or other instrument (other than the Power Sales Contracts and amendment(s) thereto) of any Participant, (iii) any judicial or governmental order, regulation, rule, judgment or decree of or applicable to any Participant except *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. C-40127 (Super. Ct. Fulton County, Ga., April 28, 1978); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. C-65678 (Super. Ct. Fulton County, Ga., July 30, 1980); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. D-3516 (Super. Ct. Fulton County, Ga., February 17, 1984); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. E-1178 (Super. Ct. Fulton County, Ga., July 9, 1992); *City of Cartersville vs. Municipal Electric Authority of Georgia*, 277 Ga. 575 (2004); *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. E-2004CV94098 (Super. Ct. Fulton County, Ga., December 14, 2004); and *State of Georgia vs. Municipal Electric Authority of Georgia, et al.*, Civil Action No. 2009CV174900 (Super. Ct. Fulton County, Ga., September 29, 2009), or (iv) any approval, consent, filing, registration or authorization by or with any governmental or public agency, authority or person which may be required for the execution, delivery or performance by a Participant of the Power Sales Contracts or amendment(s) thereto to which it is a party.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the Participants have the right and power to enter into and carry out their respective obligations under their respective Power Sales Contracts, as amended, and such Power Sales Contracts, as amended, constitute valid and binding agreements of such respective Participants enforceable in accordance with their terms.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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**PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL
WITH RESPECT TO THE BONDS**

Upon the delivery of the Bonds, Nixon Peabody LLP, Washington, D.C., Special Tax Counsel to MEAG Power, proposes to render its opinion with respect to such Bonds in substantially the following form:

January __, 2012

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Municipal Electric Authority of Georgia
Power Revenue Bonds, Taxable Series Four,
Project One Subordinated Bonds, Taxable Series 2012A,
General Power Revenue Bonds, Taxable 2012A Series and
General Resolution Projects Subordinated Bonds, Taxable Series 2012A

Ladies and Gentlemen:

We have acted as special tax counsel to the Municipal Electric Authority of Georgia (the “**Authority**”), a public body corporate and politic and an instrumentality of the State of Georgia, in connection with its issuance of (a) \$100,650,000 aggregate principal amount of its Power Revenue Bonds, Taxable Series Four (the “**Project One Taxable Series Four Senior Bonds**”), (b) \$59,575,000 aggregate principal amount of its Project One Subordinated Bonds, Taxable Series 2012A (the “**Project One Taxable Series 2012A Subordinated Bonds**”), (c) \$58,040,000 aggregate principal amount of its General Power Revenue Bonds, Taxable 2012A Series (the “**General Resolution Projects Taxable 2012A Series Senior Bonds**”) and (d) \$81,160,000 aggregate principal amount of its General Resolution Projects Subordinated Bonds, Taxable Series 2012A (the “**General Resolution Projects Taxable Series 2012A Subordinated Bonds**” and, together with the Project One Taxable Series Four Senior Bonds, the Project One Taxable Series 2012A Subordinated Bonds and the General Resolution Projects Taxable 2012A Series Senior Bonds, the “**Bonds**”). As special tax counsel, we have reviewed the record of proceedings related to the issuance by the Authority of the Bonds, including the Act Creating the Municipal Electric Authority of Georgia, Official Code of Georgia Annotated, sections 46-3-110, *et. seq.*, as amended (the “**Act**”), a resolution of the Authority adopted on August 30, 1976 entitled “Power Revenue Bond Resolution,” as heretofore supplemented, amended and restated, including as supplemented by a resolution supplemental thereto adopted by the Authority on December 30, 2011 entitled “Thirty-Fifth Supplemental Power Revenue Bond Resolution” authorizing the issuance of the Project One Taxable Series Four Senior Bonds, a resolution of the Authority adopted on October 20, 1982 entitled “Project One Subordinated Bond Resolution,” as heretofore amended and supplemented, including as supplemented by a resolution supplemental thereto adopted by the Authority on December 30, 2011 entitled “Thirty-Ninth Supplemental Project One Subordinated Bond Resolution” authorizing the issuance of the Project One Taxable Series 2012A Subordinated Bonds, a resolution of the Authority adopted on March 22, 1978 and readopted on April 19, 1978 entitled “General Power Revenue Bond Resolution,” as heretofore supplemented, amended and restated, including as supplemented by a resolution supplemental thereto adopted by the Authority on December 30, 2011 entitled “Nineteenth Supplemental General Power Revenue Bond Resolution” authorizing the issuance of the General Resolution Projects Taxable 2012A Series Senior Bonds, a resolution of the Authority adopted on November 1, 1985 entitled “General Resolution Projects Subordinated Bond Resolution,” as heretofore

amended and supplemented, including as supplemented by a resolution supplemental thereto adopted by the Authority on December 30, 2011 entitled “Eighteenth Supplemental General Resolution Projects Subordinated Bond Resolution” authorizing the issuance of the General Resolution Projects Taxable Series 2012A Subordinated Bonds, and such other matters of fact and law as we have deemed necessary to enable us to render the opinions contained herein. In rendering the opinions set forth below, we have relied upon the approving opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, delivered on even date herewith, relating among other things to the validity of the Bonds.

Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and so will be fully subject to Federal income taxation. This opinion is not intended or provided by Special Tax Counsel to be used and cannot be used by an owner of the Bonds for the purpose of avoiding penalties that may be imposed on the owner of the Bonds. The opinions set forth herein are provided to support the promotion or marketing of such Bonds. Each owner of the Bonds should seek advice based on its particular circumstances from an independent tax advisor.

We are also of the opinion that, by virtue of the Act, the Bonds, the transfer thereof and the interest thereon are exempt from taxation by the State of Georgia and any of its political subdivisions.

Except as stated in the preceding two paragraphs, we express no opinion as to any other Federal or state tax consequences of the ownership or disposition of the Bonds. Except as stated above, we express no opinion as to any other matter in connection with the issuance and sale of the Bonds.

Very truly yours,