UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXHANGE ACT OF 1934**

For the quarterly period ended June 30, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 33-42125

CHUGACH ELECTRIC ASSOCIATION, INC.

(Exact name of registrant as specifies in its charter)

State of Alaska	**92-0014224**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5601 Electron Drive, Anchorage, AK	**99518**
(Address of principal executive offices)	(Zip Code)

(907) 563-7494
(Registrant's telephone number, including area code)

None
(Former name, former address, and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☐ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

NONE

CHUGACH ELECTRIC ASSOCIATION, INC.
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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements in this report that do not relate to historical facts, including statements relating to future plans, events or performance, are forward-looking statements that involve risks and uncertainties. Actual results, events or performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this report and the accuracy of which is subject to inherent uncertainty. It is suggested that these statements be read in conjunction with the audited financial statements for Chugach Electric Association Inc. (Chugach) for the year ended December 31, 2015, filed as part of Chugach's annual report on Form 10-K. Chugach undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances that may occur after the date of this report or the effect of those events or circumstances on any of the forward-looking statements contained in this report, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The unaudited financial statements and notes to the unaudited financial statements of Chugach as of and for the quarter ended June 30, 2016, follow.

Chugach Electric Association, Inc.
Balance Sheets
(Unaudited)

Assets	June 30, 2016	December 31, 2015
Utility Plant:		
Electric plant in service	$ 1,179,383,291	$ 1,128,474,292
Construction work in progress	21,291,288	15,601,374
Total utility plant	1,200,674,579	1,144,075,666
Less accumulated depreciation	(483,305,605)	(469,199,226)
Net utility plant	717,368,974	674,876,440
Other property and investments, at cost:		
Nonutility property	76,889	76,889
Investments in associated organizations	9,316,839	9,635,519
Special funds	830,234	763,913
Restricted cash equivalents	1,796,365	1,705,760
Total other property and investments	12,020,327	12,182,081
Current assets:		
Cash and cash equivalents	14,716,696	15,626,919
Special deposits	74,416	74,416
Restricted cash equivalents	1,052,960	1,143,467
Accounts receivable, net	25,133,242	28,232,930
Materials and supplies	27,414,881	27,611,184
Fuel stock	7,378,360	7,063,541
Prepayments	2,751,222	1,466,301
Other current assets	155,851	225,079
Total current assets	78,677,628	81,443,837
Deferred charges, net	18,021,094	16,811,756
Total assets	$ 826,088,023	$ 785,314,114

Chugach Electric Association, Inc.
Balance Sheets (continued)
(Unaudited)

Liabilities, Equities and Margins	June 30, 2016	December 31, 2015
Equities and margins:		
Memberships	$ 1,675,014	$ 1,661,744
Patronage capital	167,964,097	167,447,781
Other	12,586,665	12,527,856
Total equities and margins	182,225,776	181,637,381
Long-term obligations, excluding current installments:		
Bonds payable	405,249,998	426,666,665
Notes payable	41,952,000	22,241,852
Less unamortized debt issuance costs	(2,801,913)	(2,680,897)
Total long-term obligations	444,400,085	446,227,620
Current liabilities:		
Current installments of long-term obligations	47,306,519	24,115,980
Commercial paper	34,000,000	20,000,000
Accounts payable	10,429,741	9,701,088
Consumer deposits	4,895,477	5,000,684
Fuel cost over-recovery	3,971,610	5,135,745
Accrued interest	5,640,097	5,915,580
Salaries, wages and benefits	7,667,014	7,259,806
Fuel	5,321,216	4,942,310
Other current liabilities	8,045,329	8,076,903
Total current liabilities	127,277,003	90,148,096
Other non-current liabilities:		
Deferred compensation	830,234	763,913
Other liabilities, non-current	1,757,959	1,555,329
Deferred liabilities	1,317,135	1,802,389
Patronage capital payable	11,108,071	11,108,071
Cost of removal obligation	57,171,760	52,071,315
Total other non-current liabilities	72,185,159	67,301,017
Total liabilities, equities and margins	$ 826,088,023	$ 785,314,114

See accompanying notes to financial statements.

Chugach Electric Association, Inc.
Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Operating revenues	$ 44,622,517	$ 47,697,820	$ 94,872,652	$ 122,670,937
Operating expenses:				
Fuel	11,946,563	13,185,841	25,835,500	43,017,838
Production	4,044,758	4,089,615	7,893,027	8,657,297
Purchased power	4,241,600	4,729,596	8,190,828	11,336,198
Transmission	1,338,879	1,489,944	2,715,746	3,053,626
Distribution	3,414,636	3,591,277	6,760,579	6,841,841
Consumer accounts	1,562,887	1,586,015	3,195,100	3,127,606
Administrative, general and other	6,228,353	6,049,377	12,058,320	12,144,723
Depreciation and amortization	8,695,032	8,768,893	17,182,680	18,762,705
Total operating expenses	$ 41,472,708	$ 43,490,558	$ 83,831,780	$ 106,941,834
Interest expense:				
Long-term debt and other	5,352,456	5,503,640	10,836,220	11,212,552
Charged to construction	(105,051)	(122,473)	(203,604)	(242,012)
Interest expense, net	$ 5,247,405	$ 5,381,167	$ 10,632,616	$ 10,970,540
Net operating margins	$ (2,097,596)	$ (1,173,905)	$ 408,256	$ 4,758,563
Nonoperating margins:				
Interest income	83,221	78,740	164,337	146,837
Allowance for funds used during	43,449	46,070	84,211	91,035
Capital credits, patronage dividends and	1,200	1,200	2,400	2,400
Total nonoperating margins	$ 127,870	$ 126,010	$ 250,948	$ 240,272
Assignable margins	$ (1,969,726)	$ (1,047,895)	$ 659,204	$ 4,998,835

See accompanying notes to financial statements.

Chugach Electric Association, Inc.
Statements of Cash Flows
(Unaudited)

	Six months ended June 30, 2016	Six months ended June 30, 2015
Cash flows from operating activities:		
Assignable margins	$ 659,204	$ 4,998,835
Adjustments to reconcile assignable margins to net cash provided by operating activities:		
Depreciation and amortization	17,182,680	18,762,705
Amortization and depreciation cleared to operating expenses	2,584,237	2,243,869
Allowance for funds used during construction	(84,211)	(91,035)
Write off of inventory, deferred charges and projects	460,364	160,325
Other	(104,275)	2,280
(Increase) decrease in assets:		
Accounts receivable, net	2,964,271	12,013,381
Materials and supplies	30,011	(2,349,758)
Fuel stock	(314,819)	5,595,105
Prepayments	(1,284,921)	(624,366)
Other assets	69,228	80,404
Deferred charges	(2,197,850)	(61,793)
Increase (decrease) in liabilities:		
Accounts payable	1,386,823	(1,689,849)
Consumer deposits	(105,207)	(107,559)
Fuel cost over-recovery	(1,164,135)	6,572,139
Accrued interest	(275,483)	(279,800)
Salaries, wages and benefits	407,208	648,747
Fuel	378,906	(6,029,560)
Other current liabilities	88,223	(639,723)
Deferred liabilities	6,238	(68,741)
Net cash provided by operating activities	20,686,492	39,135,606
Cash flows from investing activities:		
Return of capital from investment in associated organizations	318,680	352,420
Investment in restricted cash equivalents	(98)	0
Investment in Beluga River Unit	(44,183,293)	0
Proceeds from capital grants	377,796	1,097,228
Extension and replacement of plant	(15,241,226)	(10,320,118)
Net cash used in investing activities	(58,728,141)	(8,870,470)
Cash flows from financing activities:		
Payments for debt issue costs	(235,504)	0
Net increase (decrease) in short-term obligations	14,000,000	(11,000,000)
Proceeds from long-term obligations	45,600,000	0
Repayments of long-term obligations	(24,115,980)	(23,889,777)
Memberships and donations received	72,079	661
Retirement of patronage capital and estate payments	(142,888)	(85,569)
Net receipts on consumer advances for construction	1,953,719	1,970,102
Net cash provided by (used in) financing activities	37,131,426	(33,004,583)
Net change in cash and cash equivalents	(910,223)	(2,739,447)
Cash and cash equivalents at beginning of period	$ 15,626,919	$ 16,364,962
Cash and cash equivalents at end of period	$ 14,716,696	$ 13,625,515
Supplemental disclosure of non-cash investing and financing activities:		
Cost of removal obligation	$ 5,100,445	$ (74,064)
Extension and replacement of plant included in accounts payable	$ 1,782,961	$ 2,930,051
Supplemental disclosure of cash flow information - interest expense paid, net of amounts capitalized	$ 10,150,305	$ 10,635,938

See accompanying notes to financial statements.

Chugach Electric Association, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

1. PRESENTATION OF FINANCIAL INFORMATION

The accompanying unaudited interim financial statements include the accounts of Chugach and have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by United States of America generally accepted accounting principles (U.S. GAAP) for complete financial statements. They should be read in conjunction with Chugach's audited financial statements for the year ended December 31, 2015, filed as part of Chugach's annual report on Form 10-K. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of the results that may be expected for an entire year or any other period.

2. DESCRIPTION OF BUSINESS

Chugach is the largest electric utility in Alaska. Chugach is engaged in the generation, transmission and distribution of electricity in the Anchorage and upper Kenai Peninsula areas. Chugach is on an interconnected regional electrical system referred to as the Alaska Railbelt, a 400-mile-long area stretching from the coastline of the southern Kenai Peninsula to the interior of the state, including Alaska's largest cities, Anchorage and Fairbanks.

Chugach's retail and wholesale members are the consumers of the electricity sold. Chugach supplies much of the power requirements of the City of Seward (Seward), as a wholesale customer. Chugach also served Matanuska Electric Association, Inc. (MEA), as a wholesale customer, through April 30, 2015, and Golden Valley Electric Association, Inc. (GVEA), as an economy, non-firm, energy customer, through March 31, 2015. Periodically, Chugach sells available generation, in excess of its own needs, to MEA, GVEA and Anchorage Municipal Light & Power (ML&P).

Chugach was organized as an Alaska electric cooperative in 1948 and operates on a not-for-profit basis and, accordingly, seeks only to generate revenues sufficient to pay operating and maintenance costs, the cost of purchased power, capital expenditures, depreciation, and principal and interest on all indebtedness and to provide for reserves. Chugach is subject to the regulatory authority of the Regulatory Commission of Alaska (RCA).

Chugach has three Collective Bargaining Agreements (CBA's) with the International Brotherhood of Electrical Workers (IBEW), representing approximately 70% of its workforce. Chugach also has an agreement with the Hotel Employees and Restaurant Employees (HERE). All three IBEW CBA's have been renewed through June 30, 2017. The three CBA's provide for wage increases in all years and include health and welfare premium cost sharing provisions. The HERE contract was renewed through June 30, 2016. This contract will remain in effect until negotiations conclude, which are currently scheduled for the fourth quarter of 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Management Estimates

In preparing the financial statements in conformity with U.S. GAAP, the management of Chugach is required to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the balance sheet and revenues and expenses for the reporting period. Estimates include allowance for doubtful accounts, workers' compensation liability, deferred charges and credits, unbilled revenue, estimated useful life of utility plant, cost of removal and asset retirement obligation (ARO), purchase price allocation for Beluga River Unit (BRU), and remaining proved BRU reserves. Actual results could differ from those estimates.

b. Full Cost Method

Pursuant to Accounting Standards Codification (ASC) 932-360-25, "Extractive Activities-Oil and Gas – Property, Plant and Equipment – Recognition", Chugach has elected the Full Cost method, rather than the Successful Efforts method, to account for exploration and development costs of gas reserves. This is the first time Chugach has invested in oil or gas activities, so there is no prior policy of using the Successful Efforts method.

c. Depreciation, Depletion and Amortization (DD&A)

Chugach records DD&A expense on the BRU assets based on units of production using the following formula: ten percent of the total production from the BRU as provided by the operator divided by ten percent of the estimated remaining proved reserves (in Mcf) in the field multiplied by Chugach's total assets in the BRU.

d. Asset Retirement Obligation (ARO)

Chugach calculated and recorded an Asset Retirement Obligation associated with the BRU. Chugach uses its BRU financing rate as its credit adjusted risk free rate and the expected cash flow approach to calculate the fair value of the ARO liability. The ARO asset is depreciated using the DD&A formula outlined above. The ARO liability is accreted using the interest method of allocation.

e. Regulation

The accounting records of Chugach conform to the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission (FERC). Chugach meets the criteria, and accordingly, follows the accounting and reporting requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 980, "Topic 980 - Regulated Operations." FASB ASC 980 provides for the recognition of regulatory assets and liabilities as allowed by regulators for costs or credits that are reflected in current rates or are considered probable of being included in future rates. Chugach's regulated rates are established to recover all of the specific costs of providing electric service. In each rate filing, rates are set at levels to recover all of the specific allowable costs and those rates are then collected from retail and wholesale customers. The regulatory assets or liabilities are then reduced as the cost or credit is reflected in earnings and rates.

f. Income Taxes

Chugach is exempt from federal income taxes under the provisions of Section 501(c)(12) of the Internal Revenue Code and for the six month periods ended June 30, 2016 and 2015 was in compliance with that provision.

Chugach applies a more-likely-than-not recognition threshold for all tax uncertainties. FASB ASC 740, "Topic 740 – Income Taxes," only allows the recognition of those tax benefits that have a greater than 50 percent likelihood of being sustained upon examination by the taxing authorities. Chugach's management reviewed Chugach's tax positions and determined there were no outstanding or retroactive tax positions that were not highly certain of being sustained upon examination by the taxing authorities.

g. Restricted Cash Equivalents

Restricted cash equivalents include funds on deposit for future workers' compensation claims, which amounted to $2.8 million at June 30, 2016, and December 31, 2015.

h. Accounts Receivable

Included in accounts receivable are invoiced amounts to ML&P for their proportionate share of current Southcentral Power Project (SPP) costs, which amounted to $1.1 million at June 30, 2016, and December 31, 2015. In addition, accounts receivable includes invoiced amounts for grants to support the construction of facilities to divert water and safely transmit electricity, which amounted to $0.2 million at December 31, 2015. At June 30, 2016, accounts receivable also includes $0.3 million from BRU operations primarily associated with gas sales to ENSTAR.

i. Fuel Stock

Fuel Stock is the weighted average cost of fuel injected into the Cook Inlet Natural Gas Storage Alaska (CINGSA). Chugach's fuel balance in storage amounted to $7.4 million and $7.1 million at June 30, 2016, and December 31, 2015, respectively.

h. Corrections

For the period ended June 30, 2016, Chugach recorded the following correction for the period ended June 30, 2015:

A correction representing the cash received from customers for the undergrounding ordinance, included in net receipts on consumer advances for construction, previously reported as other current liabilities. The impact of this correction was a decrease in cash provided by operating activities and cash used in financing activities of $1.7 million for the six months ended June 30, 2015.

4. REGULATORY MATTERS

Amended Eklutna Generation Station 2015 Dispatch Services Agreement

On February 13, 2015, Chugach submitted the Amended Eklutna Generation Station 2015 Dispatch Services Agreement (Dispatch Services Agreement) to the RCA for dispatch services to be provided by Chugach to MEA for a one-year period. Under the Dispatch Services Agreement, Chugach provides electric and natural gas dispatch services for MEA's Eklutna Generation Station (EGS), electric dispatch services for the Bradley Lake Hydroelectric Project (Bradley Lake), and electric dispatch coordination services for the Eklutna Hydroelectric Project (Eklutna Hydro) beginning with EGS's full commercial operation.

On March 23, 2015, the RCA approved the Dispatch Agreement, conditioned on the requirements that 1) MEA and Chugach notify the RCA at least one month prior to forming separate Load Balancing Authorities and include in any such notification details on the tie points and any written agreements contemplated by the utilities; and, 2) Chugach file an update to its tariff to reflect any extension of the Dispatch Services Agreement one week from the receipt of such a request from MEA. The Dispatch Services Agreement was in effect through March 31, 2016.

In December 2015, MEA notified Chugach that it would not be extending the Dispatch Services Agreement for the dispatch of electric service. Subsequently, Chugach and MEA entered into an agreement entitled, "Gas Dispatch Agreement" in which Chugach provides gas scheduling and dispatch services to MEA. The term of the agreement is April 1, 2016, through March 31, 2017. On April 18, 2016, Chugach requested RCA approval of the special contract. The RCA issued a letter order on June 8, 2016, approving the filing. This agreement was extended through March 31, 2018, in a letter agreement dated July 29, 2016, with a provision to extend the agreement through March 31, 2019, to be exercised on or before August 1, 2017.

Extension of Contract Term: 2006 Agreement for the Sale and Purchase Agreement between Chugach and the City of Seward

On June 2, 2016, Chugach submitted an updated listing of its special contracts to reflect the extension of the expiration date of the "2006 Agreement for the Sale and Purchase of Electric Power and Energy between Chugach Electric Association, Inc. and the City of Seward" (2006 Agreement) from December 31, 2016, to December 31, 2021.

The 2006 Agreement contains an evergreen clause providing for an automatic five-year extension unless written notice is provided at least one year prior to the expiration date. Neither Chugach nor Seward provided written notice to terminate as both utilities desired to extend the term of the agreement. On July 18, 2016, the RCA approved the filing.

June 2014 Test Year General Rate Case

Chugach's June 2014 Test Year General Rate Case was submitted to the RCA on February 13, 2015. Chugach requested a system base rate increase of approximately $21.3 million, or 20%, on total base rate revenues for rates effective in April 2015. The filing also included updates to firm and non-firm transmission wheeling rates and attendant ancillary services in support of third-party transactions on the Chugach transmission system. The primary driver of the rate changes was the reduction and shift in fixed-cost responsibility resulting from the expiration of the Interim Power Sales Agreement between Chugach and MEA on April 30, 2015.

Chugach submitted proposed adjustments to its fuel and purchased power rates under a separate tariff advice letter to become effective at the same time which allowed interim base rate increases to be synchronized with reductions in fuel costs resulting from system heat rate improvements and a greater share of hydroelectric generation used to meet the load requirements of the remaining customers on the system. In combination with Chugach's fuel and purchased power rate adjustment filing for rates effective in April 2015, the effective increase to retail customer bills was approximately between two and five percent.

The RCA issued Order U-15-081(1) on April 30, 2015, suspending the filing and granting Chugach's request for interim and refundable rate increases effective May 1, 2015. A scheduling conference was held on May 27, 2015. On June 4, 2015, the RCA issued Order U-15-081(2), granting approval for intervention by Homer Electric Association (HEA), MEA and GVEA. The RCA had indicated that a final order in the case would be issued by May 8, 2016. Intervenor responsive testimony was filed by the Attorney General (AG) and MEA on October 28, 2015. The AG's testimony focused on revenue requirement matters and MEA's testimony focused on transmission cost allocation issues. Chugach's responsive testimony was filed on December 15, 2015.

In January 2016, Chugach and the Attorney General (AG) for the State of Alaska entered into settlement discussions to resolve revenue requirement matters in the case, which resulted in settlement of all outstanding matters related to the determination of Chugach's system revenue requirement for both the interim and permanent rate periods. As a result, Chugach agreed to reduce its revenue requirement by 0.5%. In addition, the stipulation provided for a permanent increase in Chugach's system Times Interest Earned Ratio (TIER) from 1.30 to 1.35, which represents an approximate margin increase of $1.0 million per year. The stipulation was filed with the RCA on January 21, 2016.

The adjudicatory hearing was held from January 25 through January 28, 2016, to address transmission-related matters identified by MEA. Because of the settlement, no revenue requirement matters were addressed during the hearing.

On May 2, 2016, the RCA issued Order U-15-081(8) accepting the stipulation between Chugach and the AG. On May 20, 2016, Chugach submitted updated revenue requirement, cost of service and tariffs reflecting the results of the stipulation, with proposed final rates effective July 5, 2016. On June 17, 2016, the RCA issued Order U-15-081(10) approving final permanent rates effective for Chugach retail customers and the City of Seward (Seward). Refunds totaling $0.75 million are expected to be issued to Chugach retail customers in August 2016. The refund applies to purchases from May 2015 through July 2016. Chugach issued a refund to Seward totaling approximately $28,000 on July 8, 2016.

On June 27, 2016, the RCA issued Order U-15-08(11) resolving the outstanding issues related to transmission and ancillary services. The RCA ruled in Chugach's favor, affirming continued use of a postage stamp rate methodology for wheeling transactions on the Chugach system and denied MEA's request for a separate rate for wheeling transactions that MEA claimed it only used a small portion of Chugach's transmission system. The order was consistent with previous orders on transmission and ancillary services that were issued by the RCA in Chugach's 2012 and 2013 General Rate Case filings. On July 15, 2016, Chugach submitted updated tariff sheets and supporting exhibits for the calculation of transmission and ancillary service rates.

Simplified Rate Filing

On June 30, 2016, the Chugach Board of Directors voted to re-enter the Simplified Rate Filing (SRF) process for adjustments to base demand and energy rates. SRF is an expedited base rate adjustment process available to electric cooperatives in the State of Alaska. On July 1, 2016, Chugach requested approval to implement the SRF process for energy and demand rate changes, and requested approval for a 4.2% system demand and energy rate increase, or approximately $4.8 million on an annual basis. On a total retail customer bill basis, which includes fuel and purchased power costs, the impact is approximately 2.5%. Chugach requested the proposed rate increase become effective August 15, 2016. Under SRF, the RCA is required to respond within 45 days or approximately August 15, 2016. Chugach plans to adjust rates through the SRF process on a quarterly basis going forward.

Cook Inlet Natural Gas Storage Alaska (CINGSA): Found Gas

On January 30, 2015, CINGSA submitted a filing to the RCA providing notice that it had found 14.5 Bcf of gas as a result of directional drilling in the storage facility and now proposes to establish guidelines for commercial sales of at least 2 Bcf of this gas. Chugach submitted comments to the RCA regarding CINGSA's proposed treatment of found gas. Chugach does not believe CINGSA's proposal to retain revenues for the sale of found gas should be permitted in recognition of the risk-sharing agreements made by CINGSA and its storage customers that resulted in the development of the CINGSA storage facility.

The RCA issued an order in March 2015 suspending the filing for further investigation. CINGSA filed direct testimony in the case on April 13, 2015. Chugach and other intervenors in the case submitted responsive testimony on June 5, 2015. CINGSA submitted its reply testimony on June 29, 2015. The evidentiary hearing was held in September 2015.

The RCA issued a final order in the case on December 4, 2015, ruling significantly in favor of the intervenors in the case. The RCA granted approval for CINGSA to sell 2 Bcf with 87% of the proceeds allocated to CINGSA's Firm Storage Service (FSS) customers and 13% to CINGSA. The RCA also required CINGSA to file a reservoir engineering study by June 30, 2016, and required CINGSA to file notice of all gas sales within 30 days of any sales, including the transaction price, purchaser, quantities, and the terms and conditions of the sale. The RCA also required that all proceeds to the FSS customers be treated as a reduction in fuel costs that are paid by CINGSA's customers. On June 30, 2016, CINGSA filed a reservoir engineering study with the RCA by Order U-15-016(14).

On January 4, 2016, CINGSA filed an appeal in Superior Court to Order U-15-016(14), stating the RCA violated CINGSA's right to due process of law, errored, and/or acted unreasonably, unfairly, arbitrarily, capriciously, or contrary to applicable law. CINGSA believes additional proceeds resulting from the sale of found native gas should remain with CINGSA. Chugach filed an entry of appearance in the case on January 14, 2016. CINGSA filed its brief on June 6, 2016. Chugach expects to file its reply brief during the third quarter of 2016.

Beluga River Unit

In July 2015, ConocoPhillips Alaska, Inc. (COP) announced the marketing for sale of its North Cook Inlet Unit; its interest in the Beluga River Unit (BRU); and its interest in 5,700 acres of exploration prospects in the Cook Inlet region. In October 2015, Chugach submitted a joint bid with the Municipality of Anchorage d/b/a Municipal Light & Power (ML&P) for acquisition of COP's working interest in the BRU.

As discussed in "*Note 9 –Beluga River Unit*," Chugach entered into an agreement entitled, "Purchase and Sale Agreement between ConocoPhillips Alaska, Inc. and Municipality of Anchorage d/b/a Municipal Light & Power and Chugach Electric Association, Inc." (Purchase and Sale Agreement) on February 4, 2016. The Purchase and Sale Agreement transfers COP's interest in the BRU to Chugach and ML&P. The acquisition and attendant recovery of costs in electric rates was subject to RCA approval.

On March 11, 2016, Chugach and ML&P submitted a joint request to the RCA for approval of the acquisition of ConocoPhillips Alaska, Inc.'s interest in the BRU and the attendant recovery of the acquisition costs in electric rates. Chugach and ML&P requested expedited consideration, asking the RCA to issue a bench ruling by April 21, 2016. The request for expedited consideration was made to provide additional certainty regarding Chugach's eligibility for a State of Alaska production tax credit.

The RCA opened docket U-15-081 and established an expedited procedural schedule for the case. The RCA held a hearing from April 18 through April 20, 2016, and issued a bench ruling on April 20, 2016, approving the joint request for approval of the Purchase and Sale Agreement. A written order affirming the bench ruling was issued on April 21, 2016.

Separate filings detailing the specific rate recovery process were filed in the second quarter of 2016. The RCA approved the initial gas transfer price of $5.88 per Mcf. Under the recovery structure proposed by Chugach, costs associated with the BRU, including acquisition and on-going operations, maintenance and capital investment, will be recovered on a dollar-for-dollar basis through Chugach's quarterly fuel adjustment process. Chugach recovers its fuel and purchased power costs as a direct pass-through from its retail and wholesale customers with minimal lag between cost incurrence and recovery. A decision is expected in the third quarter of 2016.

On June 29, 2016, Chugach filed a petition with the RCA for approval to create a regulatory asset for the deferral of expenses (financial/economic, engineering and legal services) associated with Chugach's acquisition of the BRU. Chugach also requested approval to recover the deferred costs in the gas transfer price. A decision is expected by year-end.

5. DEBT

Lines of Credit

Chugach maintains a $50.0 million line of credit with National Rural Utilities Cooperative Finance Corporation (NRUCFC). Chugach did not utilize this line of credit in the six months ended June 30, 2016. In addition, Chugach did not utilize this line of credit during 2015 and had no outstanding balance at December 31, 2015. The borrowing rate is calculated using the total rate per annum and may be fixed by NRUCFC. The borrowing rate was 2.50 and 2.90 percent at June 30, 2016, and December 31, 2015. The NRUCFC Revolving Line Of Credit Agreement requires that Chugach, for each 12-month period, for a period of at least five consecutive days, pay down the entire outstanding principal balance. The NRUCFC line of credit expires October 12, 2017. This line of credit is immediately available for unconditional borrowing.

Commercial Paper

Chugach maintained a $100.0 million Amended Unsecured Credit Agreement, which was used to back Chugach's commercial paper program. The pricing included an all-in drawn spread of one month London Interbank Offered Rate (LIBOR) plus 107.5 basis points, along with a 17.5 basis points facility fee (based on an A- unsecured debt rating). The Amended Unsecured Credit Agreement was due to expire on November 17, 2016. The participating banks included NRUCFC, KeyBank National Association, Bank of America, N.A., Bank of Montreal, CoBank and Chang Hwa Commercial Bank, Ltd., Los Angeles Branch.

On June 13, 2016, Chugach entered into a $150.0 million senior unsecured credit facility, the Credit Agreement, which is used to back Chugach's commercial paper program. The pricing includes an all-in drawn spread of one month LIBOR plus 90.0 basis points, along with a 10.0 basis points facility fee (based on an A/A2/A unsecured debt rating). The new Credit Agreement will expire on June 13, 2021. The participating banks include NRUCFC, KeyBank National Association, Bank of America, N.A., and CoBank, ACB. The commercial paper can be repriced between one day and 270 days.

Chugach expects to continue issuing commercial paper in 2016, as needed. Chugach had $34.0 million and $20.0 million of commercial paper outstanding at June 30, 2016, and December 31, 2015, respectively.

The following table provides information regarding average commercial paper balances outstanding for the quarters ended June 30, 2016, and 2015 (dollars in millions), as well as corresponding weighted average interest rates:

2016		2015	
Average Balance	Weighted Average Interest Rate	Average Balance	Weighted Average Interest Rate
$69.8	0.61 %	$17.3	0.29 %

Term Loans

Chugach had a term loan facility with CoBank, evidenced by the 2011 CoBank Note, which was governed by the Amended and Restated Master Loan Agreement dated January 19, 2011, and secured by the Second Amended and Restated Indenture (Indenture). Chugach had $22.2 million and $24.9 million outstanding on this facility at June 30, 2016, and December 31, 2015, respectively.

On June 30, 2016, Chugach entered into another term loan facility with CoBank, evidenced by the 2016 CoBank Note, which is governed by the Second Amended and Restated Master Loan Agreement dated June 30, 2016, and secured by the Indenture. Chugach had $45.6 million outstanding on this facility at June 30, 2016.

On July 13, 2016, Chugach used commercial paper to pay off the $22.2 million balance on the 2011 CoBank Note.

Debt Issuance Costs

The following table outlines debt issuance costs associated with long-term obligations, excluding current installments, at June 30, 2016.

	Long-term Obligations	Unamortized Debt Issuance Costs
2011 Series A Bonds	$ 210,999,998	$ 1,414,754
2012 Series A Bonds	194,250,000	1,151,655
2016 CoBank Note	41,952,000	235,504
	$ 447,201,998	$ 2,801,913

The following table outlines debt issuance costs associated with long-term obligations, excluding current installments, at December 31, 2015.

	Long-term Obligations	Unamortized Debt Issuance Costs
2011 Series A Bonds	$ 221,666,665	$ 1,482,791
2012 Series A Bonds	205,000,000	1,198,106
2011 CoBank Note	22,241,852	0
	$ 448,908,517	$ 2,680,897

6. RECENT ACCOUNTING PRONOUNCEMENTS

Issued and adopted:

ASC Update 2015-03 "*Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*"

In April 2015, the FASB issued ASC Update 2015-03, "Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." ASC Update 2015-03 revises the presentation guidance for debt issuance costs related to a recognized debt liability. The effect of this update is to present the debt issuance costs as a direct deduction to the liability on the balance sheet and retrospective application is required. This update does not change the recognition and measurement guidance for debt issuance costs. This update is effective for fiscal years beginning after December 15, 2015, and interim periods within those years, with early adoption permitted. Chugach began application of ASC 2015-03 with the fiscal year beginning January 1, 2016. Adoption did not have a material effect on its results of operations, financial position, and cash flows.

ASC Update 2015-15 "*Interest – Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*"

In September 2015, the FASB issued ASC Update 2015-15, "Interest – Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements." ASC Update 2015-15 amends guidance related to the presentation and subsequent measurement of debt issuance costs associated with line-of-credit arrangements for SEC reporting. This update is effective for fiscal years beginning after December 15, 2015, and interim periods beginning after December 15, 2016, with early adoption permitted. Chugach began application of ASC 2015-15 with the fiscal year beginning January 1, 2016. Adoption did not have a material effect on its results of operations, financial position, and cash flows.

Adoption of the above guidance was applied retrospectively and reduced deferred charges and long-term debt by the unamortized debt issuance costs of $2.8 million and $2.7 million at June 30, 2016, and December 31, 2015, respectively.

Issued, not yet adopted:

ASC Update 2014-09 "*Revenue from Contracts with Customers (Topic 606)*" and ASC 2014-14 "*Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*"

In May 2014, the FASB issued ASC Update 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASC Update 2014-09 provides guidance for the recognition, measurement and disclosure of revenue related to the transfer of promised goods or services to customers. This update was effective for fiscal years beginning after December 15, 2016, for which early application was prohibited. However, in August 2015, the FASB issued ASC Update 2014-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," deferring the effective date of ASC Update 2014-09 to fiscal years beginning after December 15, 2017, and permitting early adoption of this update, but only for annual reporting periods beginning after December 15, 2016, and interim reporting periods within that reporting period. The standard permits the use of either the retrospective or cumulative effect transition method. Chugach has not yet selected a transition method and is evaluating the effect on its results of operations, financial position, and cash flows.

ASC Update 2016-08 *"Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)"*

In March 2016, the FASB issued ASC Update 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)." ASC Update 2016-08 clarifies the implementation guidance in Topic 606 on principal versus agent considerations. This update affects the guidance in ASC Update 2014-09 and follows the same effective date and transition requirements. Chugach has not yet selected a transition method and is evaluating the effect on its results of operations, financial position, and cash flows.

ASC Update 2016-10 "*Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*"

In April 2016, the FASB issued ASC Update 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing." ASC Update 2016-10 clarifies the guidance in Topic 606 on identifying the performance obligations and licensing implementation. This Update affects the guidance in ASC 2014-09 and follows the same effective date and transition requirements. Chugach has not yet selected a transition method and is evaluating the effect on its results of operations, financial position, and cash flows.

ASC Update 2016-11 "*Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Update 2014-09 and 2014-06 Pursuant to Staff Announcements at the March 3, 2016, EITF Meeting (SEC Update)*"

In May 2016, the FASB issued ASC Update 2016-11, "Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Update 2014-09 and 2014-06 Pursuant to Staff Announcements at the March 3, 2016, EITF Meeting (SEC Update)." ASC 2016-11 rescinds and supersedes SEC guidance previously governing revenue and expense recognition for freight services in process, accounting for shipping and handling fees and costs, consideration given by a vendor to a customer, and gas-balancing arrangements. This update affects the guidance in ASC Update 2014-09 and 2014-06 and follows the same effective date and transition requirements. Chugach has not yet selected a transition method and is still evaluating the effect on its results of operations, financial position, and cash flows.

ASC Update 2016-12 "*Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*"

In May 2016, the FASB issued ASC Update 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients." ASC 2016-12 clarifies the collectability criterion in the assessment of contracts with customers, the presentation of sales taxes and other similar taxes collected from customers, the measurement date to be used on noncash consideration included in contracts with customers, and contract modifications at transition. This Update affects the guidance in ASC Update 2014-09 and follows the same effective date and transition requirements. Chugach has not yet selected a transition method and is still evaluating the effect on its results of operations, financial position, and cash flows.

ASC Update 2016-01 "*Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*"

In January 2016, the FASB issued ASC Update 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." ASC Update 2016-01 amends guidance related to certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. This update is effective for fiscal years beginning after December 15, 2018, and interim periods beginning after December 15, 2019, with early adoption not permitted with certain exceptions. Chugach will begin application of ASC 2016-01 with the annual report for the year ended December 31, 2019. Adoption is not expected to have a material effect on its results of operations, financial position, and cash flows.

ASC Update 2016-02 "*Leases (Topic 842): Section A – Leases: Amendments to the FASB Accounting Standards Codification; Section B – Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification; Section C – Background Information and Basis for Conclusions*"

In February 2016, the FASB issued ASC Update 2016-02, "Leases (Topic 842): Section A – Leases: Amendments to the FASB Accounting Standards Codification; Section B – Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification; Section C – Background Information and Basis for Conclusions." ASC Update 2016-02 amends guidance related to the recognition, measurement, presentation and disclosure of leases for lessors and lessees. This update is effective for fiscal years beginning after December 15, 2018, including the interim periods within those years, with early adoption permitted. Chugach will begin application of ASC 2016-02 on January 1, 2019. Chugach is evaluating the effect on its results of operations, financial position, and cash flows.

ASC Update 2016-13 "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*"

In June 2016, the FASB issued ASC Update 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASC Update 2016-13 revised the criteria for the measurement, recognition, and reporting of credit losses on financial instruments to be recognized when expected. This update is effective for fiscal years beginning after December 15, 2019, including the interim periods within those years, with early adoption permitted for fiscal years beginning after December 15, 2018, including interim periods within those years. Chugach will begin application of ASC 2016-13 on January 1, 2020. Adoption is not expected to have a material effect on its results of operations, financial position, and cash flows.

7. FAIR VALUES OF ASSETS AND LIABILITIES

Fair Value Hierarchy

In accordance with FASB ASC 820, Chugach groups its financial assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes United States Treasury and federal agency securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect Chugach's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Chugach had no Level 1 or Level 2 assets or liabilities measured at fair value on a recurring basis. Fair value estimates are dependent upon subjective assumptions and involve significant uncertainties resulting in variability in estimates with changes in assumptions. The fair value of cash and cash equivalents, accounts receivable and payable, and other short-term monetary assets and liabilities approximate carrying value due to their short-term nature.

Fair Value of BRU

Upon acquisition, a fair value analysis was performed on the BRU assets and the ARO assumed as part of the acquisition. The fair value estimate used the discounted cash flow method assuming an estimated useful life of 18 years with 27 Bcf of proven developed producing reserves and using Chugach's BRU financing rate as the credit adjusted risk free rate. The fair value of the BRU assets acquired and the ARO assumed was recorded on the acquisition date.

Fair Value of Financial Instruments

The estimated fair values (in thousands) of long-term obligations included in the financial statements at June 30, 2016, are as follows:

	Measurement	Carrying Value	Fair Value
2011 CoBank Note	Level 2	$ 22,242	$ 22,242
2011 Series A Bonds	Level 2	221,667	241,702
2012 Series A Bonds	Level 2	205,000	220,235
2016 CoBank Note	Level 2	45,600	44,973
Long-term obligations (including current installments)		$ 494,509	$ 529,152

8. ENVIRONMENTAL MATTERS

Since January 1, 2007, transformer manufacturers have been required to meet the US Department of Energy (DOE) efficiency levels as defined by the Energy Act of 2005 (Energy Act) for all "Distribution Transformers." As of January 1, 2016, the specific efficiency levels are increasing from the original "TP1" levels to the new "DOE-2016" levels. The Energy Act mandates specific types of low voltage dry-type transformers manufactured and sold in the USA to have efficiencies as defined by the 10 CFR Part 431 standard when loaded to 35% of maximum capacity. Chugach is in the process of evaluating our transformer specifications and will make modifications as necessary with our alliance transformer manufacturers to ensure DOE-2016 is met. At this time a small increase in capital costs is anticipated along with a reduction in energy losses.

The Clean Air Act and Environmental Protection Agency (EPA) regulations under the Clean Air Act establish ambient air quality standards and limit the emission of many air pollutants. New Clean Air Act regulations impacting electric utilities may result from future events or new regulatory programs. On August 3, 2015, the EPA released the final 111(d) regulation language aimed at reducing emissions of carbon dioxide (CO_2) from existing power plants that provide electricity for utility customers. In the final rule, the EPA took the approach of making individual states responsible for the development and implementation of plans to reduce the rate of CO_2 emissions from the power sector. The EPA initially applied the final rule to 47 of the contiguous states. At this time, Alaska, Hawaii, Vermont, Washington D.C. and two U.S. territories are not bound by the regulation. Alaska may be required to comply at some future date. On February 9, 2016 the U.S. Supreme Court issued a stay on the proposed EPA 111(d) regulations until the DC Circuit decides the case, or until the disposition of a petition to the Supreme Court on the issue. The EPA 111(d) regulation, in its current form, is not expected to have a material effect on Chugach's financial condition, results of operations, or cash flows. While Chugach cannot predict the implementation of any additional new law or regulation, or the limitations thereof, it is possible that new laws or regulations could increase capital and operating costs. Chugach has obtained or applied for all Clean Air Act permits currently required for the operation of generating facilities.

Chugach is subject to numerous other environmental statutes including the Clean Water Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Endangered Species Act, and the Comprehensive Environmental Response, Compensation and Liability Act and to the regulations implementing these statutes. Chugach does not believe that compliance with these statutes and regulations to date has had a material impact on its financial condition, results of operation or cash flows. However, the implementation of any additional new law or regulation, or the limitations thereof, or changes in or new interpretations of laws or regulations could result in significant additional capital or operating expenses. Chugach monitors proposed new regulations and existing regulation changes through industry associations and professional organizations.

9. BELUGA RIVER UNIT

On February 4, 2016, Chugach entered into an agreement entitled, "Purchase and Sale Agreement between ConocoPhillips Alaska, Inc. and Municipality of Anchorage d/b/a Municipal Light & Power and Chugach Electric Association, Inc." The Purchase and Sale Agreement transfers COP's working interest in the BRU to Chugach and ML&P. The total purchase price was $152 million, with Chugach's portion totaling $44.2 million. Chugach's interest in the BRU is to reduce the cost of electric service to its retail and wholesale members by securing an additional long-term supply of natural gas to meet on-going generation requirements. The acquisition complements existing gas supplies and is expected to provide greater fuel diversity at an effective annual cost that is $2 million to $3 million less than alternative sources of gas in the Cook Inlet region.

Under the joint bid arrangement, Chugach's ownership of COP's working interest is 30% and ML&P's ownership is 70%. The ownership shares include the attendant rights and privileges of all gas and oil resources, including 15,500 lease acres (8,200 in Unit / Participating Area and 7,300 held by Unit), Sterling and Beluga producing zones, and COP's 67% working interest in deep oil resources. On April 21, 2016, the acquisition was approved by the RCA (see "*Note 5 – Regulatory Matters – Beluga River Unit*") and the transaction closed on April 22, 2016.

Chugach had a firm gas supply contract with COP, as previously discussed under "*Note 10 – Commitments and Contingencies – Commitments - Fuel Supply Contracts*". In addition to Chugach, COP had contractual gas sales obligations to ENSTAR through 2017. These contracts were assumed by ML&P and Chugach on the basis of ownership share.

The BRU is located on the western side of Cook Inlet, approximately 35 miles from Anchorage, and is an established natural gas field that was originally discovered in 1962. The BRU was jointly owned (one-third) by COP, Hilcorp, and ML&P. Following the acquisition, ML&P's ownership of the BRU increased to approximately 56.7%, Hilcorp's ownership remained unchanged at 33.3%, and Chugach's ownership is 10.0%.

Chugach's interest in the BRU is insignificant to the BRU as a whole and compared to Chugach's operations prior to the acquisition. As such, Chugach has not provided supplemental pro forma financial information. Since the BRU activities are limited to the extraction of natural gas, Chugach is following the guidance provided in ASC 932-810-45-1 (Extractive Activities-Oil and Gas – Consolidation – Other Presentation Matters) and will record its pro rata share of the assets, liabilities, revenues and expenses of the BRU.

Chugach recorded the acquisition at fair value. The allocation of the purchase price is considered preliminary, pending receipt of the final valuation report which is expected during 2016. The table below outlines the acquisition allocation recorded at June 30, 2016.

	Amount
Utility Plant:	
Proved Developed Reserves	$ 33,983,293
Proved Undeveloped Reserves	10,200,000
Asset Retirement Obligation	3,523,409
Utility plant	47,706,702
Cost of removal obligation	(3,523,409)
Cash Consideration	$ 44,183,293

Acquisition costs are recorded as deferred charges on Chugach's balance sheet because Chugach believes it is probable the RCA will allow them to be collected through rates, and totaled $1.4 million at June 30, 2016. These charges are amortized over the estimated life of the BRU and recognized as depreciation and amortization on Chugach's statement of operations.

Each of the BRU participants has a right to take their interest of the gas produced. Parties that take less than their interest of the field's output may either accept a cash settlement for their underlift or take their underlifted gas in future years. As part of the BRU acquisition, Chugach acquired 30% of COP's underlift, which was 69,099 Mcf at acquisition and 68,354 Mcf at June 30, 2016. Chugach has opted to take the cumulative underlift in gas in the future and will record the gas as fuel expense on the statement of operations when received.

The revenue generated by Chugach's interest in the BRU operations is primarily associated with the gas sold to ENSTAR, pursuant to the aforementioned contract due to expire December 31, 2017. Chugach recognized revenue from the BRU in the amount of $0.8 million through June 30, 2016.

Chugach records depreciation, depletion and amortization on BRU assets based on units of production. As of June 30, 2016, Chugach lifted 0.9 Bcf resulting in approximately 26.1 Bcf remaining in Chugach's proven developed reserves. Prior to the acquisition, COP was the contracted operator of the BRU. Following the acquisition, Hilcorp temporarily assumed operations under an agreement similar to that previously held by COP. A final operator agreement is expected during the fourth quarter of 2016. In addition to the operator fees to Hilcorp, other BRU expenses include royalty expense, interest on long-term debt, and estimated property tax. All expenses other than depreciation, depletion and amortization and interest on long-term debt are included as fuel expense

on Chugach's statement of operations. Chugach has applied and qualified for a small producer tax credit, provided by the State of Alaska, resulting in an estimate of no liability for production taxes. The revenue in excess of expenses less the allowed TIER from BRU operations is adjusted through Chugach's fuel and purchased power adjustment process.

10. COMMITMENTS AND CONTINGENCIES

Contingencies

Chugach is a participant in various legal actions, rate disputes, personnel matters and claims both for and against Chugach's interests. Management believes the outcome of any such matters will not materially impact Chugach's financial condition, results of operations or liquidity. Chugach establishes reserves when a particular contingency is probable and calculable. Chugach has not accrued for any contingency at June 30, 2016, as it does not consider any contingency to be probable nor calculable. Chugach faces contingencies that are reasonably possible to occur; however, they cannot currently be estimated.

Concentrations

Approximately 70 percent of Chugach's employees are members of the IBEW. Chugach has three CBA's with the IBEW. Chugach also has an agreement with the HERE. All three IBEW CBA's have been renewed through June 30, 2017. The HERE contract was renewed through June 30, 2016. This contract will remain in effect until negotiations conclude, which are currently scheduled for the fourth quarter of 2016.

Chugach was the principal supplier of power under an Interim Power Sales Agreement with MEA. Including the fuel component, this contract represented $26.2 million of sales revenue through its expiration on April 30, 2015.

Commitments

Fuel Supply Contracts

Chugach has fuel supply contracts with various producers at market terms. A gas supply contract between Chugach and ConocoPhillips Alaska, Inc. and ConocoPhillips, Inc. (collectively "ConocoPhillips"), was approved by the RCA effective August 21, 2009. This contract began providing gas in 2010 and will terminate December 31, 2016. The total amount of gas under this contract is estimated to be 62 Bcf. This contract was assumed by Chugach and ML&P as part of the BRU acquisition, on the basis of ownership share. As such, Chugach pays ML&P for 70% of gas purchased under this contract. Chugach entered into a gas contract with Hilcorp effective January 1, 2015, to provide gas through March 31, 2018. On September 15, 2014, the RCA approved an amendment to the Hilcorp gas purchase agreement extending gas delivery and subsequently filling 100 percent of Chugach's needs through March 31, 2019. On September 8, 2015, the RCA approved another amendment to the Hilcorp gas purchase agreement extending the term of the agreement, thus filling up to 100 percent of Chugach's needs through March 31,

2023. The total amount of gas under this contract is estimated to be 60 Bcf. All of the production is expected to come from Cook Inlet, Alaska. The terms of the ML&P (previously under ConocoPhillips) and Hilcorp agreements require Chugach to manage the natural gas transportation over the connecting pipeline systems. Chugach has gas transportation agreements with ENSTAR Natural Gas Company (ENSTAR) and Hilcorp.

Patronage Capital

In 2007, Chugach entered into an agreement with HEA to return all of its patronage capital within five years after expiration of its power sales agreement, which was December 31, 2013. This patronage capital retirement was related to a settlement agreement associated with the 2005 Test Year General Rate Case (Docket U-06-134) and accepted by the RCA on August 7, 2007. HEA's patronage capital was $7.9 million at June 30, 2016, and December 31, 2015, and is classified as patronage capital payable on Chugach's balance sheet.

In an agreement reached in May 2014 with MEA, capital credits retired to MEA are classified as patronage capital payable on Chugach's balance sheet. MEA's patronage capital payable was $3.2 million at June 30, 2016, and December 31, 2015.

Legal Proceedings

Chugach has certain litigation matters and pending claims that arise in the ordinary course of Chugach's business. In the opinion of management, none of these matters, individually or in the aggregate, is or are likely to have a material adverse effect on Chugach's results of operations, financial condition or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reference is made to the information contained under the caption "CAUTION REGARDING FORWARD-LOOKING STATEMENTS" at the beginning of this report.

OVERVIEW

Chugach is the largest electric utility in Alaska, engaged in the generation, transmission and distribution of electricity. Chugach is on an interconnected regional electrical system referred to as Alaska's Railbelt, a 400-mile-long area stretching from the coastline of the southern Kenai Peninsula to the interior of the state which includes Alaska's largest cities, Anchorage and Fairbanks.

Chugach directly serves retail customers in the Anchorage and upper Kenai Peninsula areas and supplies much of the power requirements of the City of Seward, as a wholesale customer. Chugach also supplied power to Matanuska Electric Association, Inc. (MEA) through April 30, 2015, as a wholesale customer. Periodically, Chugach sells available generation in excess of its own needs to MEA, Golden Valley Electric Association, Inc. (GVEA) and to Anchorage Municipal Light & Power (ML&P).

Chugach is an Alaska electric cooperative operating on a not-for-profit basis and is subject to the regulatory authority of the Regulatory Commission of Alaska (RCA).

Chugach's customers' requirements for capacity and energy generally increase in fall and winter as home heating and lighting needs increase and decline in spring and summer as the weather becomes milder and daylight hours increase.

Chugach Operations

In the near term, Chugach continues to face the challenges of operating in a flat load growth environment and securing replacement revenue sources. These challenges, along with energy issues and plans at the state level, will shape how Chugach proceeds into the future.

Chugach has been preparing for the expiration of its second wholesale power contract for some time and has taken steps to reduce costs in order to mitigate the rate impacts to its remaining customers. Despite the loss of two large power contracts, the combination of which accounted for approximately 50% of energy sales and 40% of sales revenue, the net system rate increase for Chugach's remaining customers was approximately 20% over the three-year transition period. Chugach's 10-year financial forecast indicates it can sustain operations and meet financial covenants without these wholesale contracts. In addition, because Chugach's rates are established by the RCA, Chugach expects to maintain its ability to recover Chugach's specific costs of providing service despite the loss of these customers.

Chugach is also pursuing replacement sources of revenue through potential new power sales and dispatch agreements, as well as transmission wheeling and ancillary services tariff revisions. Chugach has updated and expanded its operating tariff to include both firm and non-firm transmission wheeling services and attendant ancillary services in support of third-party transactions on the Chugach system. Chugach believes that cost reduction and containment, successful implementation of new power sales and dispatch agreements and revised tariffs will mitigate additional rate increases. However, Chugach cannot assure that it will be able to replace sources of revenue or that any replacement of revenue sources, revised tariffs or cost reduction and containment measures will fully offset any rate increases in this timeframe.

Railbelt Grid Unification

Chugach is focused on efforts in Alaska's Railbelt to explore the benefits of grid unification. Currently, each of the six electric utilities in the Alaska's Railbelt own a portion of the transmission grid, as does the Alaska Energy Authority (AEA). Chugach is a proponent of following other successful business models to effectively unify the grid. Discussions on the issue led the Alaska State Legislature in 2014 to appropriate $250,000 to the RCA to explore the issue and report back to legislators. The RCA expects to analyze and review present efforts in order to assess the organizational and governance structure needed for an independent consolidated system operator. Beginning in 2016, progress reports associated with system-wide economic dispatch are required. With the support of the RCA, Chugach and several other Alaska's Railbelt utilities are evaluating possible transmission business model opportunities and associated economic dispatch models that Chugach believes may lead to more optimal Alaska's Railbelt-wide system operations. Chugach intends to finalize this review and evaluation in the third quarter of 2016. While Chugach cannot determine the materiality of any effect on its results of operations, financial condition, and cash flows until a business model and plan are adopted, it anticipates a positive outcome.

Fuel Supply

Chugach actively manages its fuel supply needs and currently has contracts in place to meet up to 100% of its anticipated needs through March of 2023. Chugach continues its efforts to secure long-term reliable gas supply solutions and encourage new development and continued investment in Cook Inlet. The State of Alaska's Department of Natural Resources (DNR) published a study in September 2015, "Updated Engineering Evaluation of Remaining Cook Inlet Gas Reserves," to provide an estimate of Cook Inlet's gas supply. The study estimated there are 1,183 Bcf of proved and probable reserves remaining in Cook Inlet's legacy fields. This is higher than the 2009 DNR study estimate of 1,142 Bcf. Effectively, Cook Inlet gas supply has slightly increased from 2009. The 2015 DNR estimate does not include reserves from a large gas field under development by Furie Operating Alaska, LLC (Furie) and another considered for development by BlueCrest Energy, Inc. Furie has constructed an offshore gas production platform and has begun production. The platform and other production facilities are designed for up to 200 MMcf per day. Other gas producers are actively developing gas supplies in the Cook Inlet. Chugach is encouraged with these developments but continues to explore other alternatives to diversify its portfolio.

On April 21, 2016, the RCA approved the acquisition of the Beluga River Unit effective January 1, 2016, as discussed in "*Item 1 – FINANCIAL STATEMENTS – Note 4 – Regulatory Matters – Beluga River Unit and Note 9 – Beluga River Unit*." Chugach's interest in the BRU is to reduce the cost of electric service to its retail and wholesale members by securing an additional long-term supply of natural gas to meet on-going generation requirements. The acquisition complements existing gas supplies and is expected to provide greater fuel diversity at an effective annual cost that is $2 million to $3 million less than alternative sources of gas in the Cook Inlet region. Approximately 80% of Chugach's current generation requirements are met from natural gas, 16% are met from hydroelectric facilities, and 4% are met from wind.

The acquisition is expected to provide gas to meet Chugach's on-going generation requirements over an approximate 18-year period, or from 2016 to 2033. Gas associated with the acquisition is expected to provide about 15% of Chugach's gas requirements through 2033, although actual gas quantities produced are expected to vary on a year-by-year basis.

Chugach had a firm gas supply contract with COP and has a firm gas supply contract with Hilcorp, see "*Item 1 – FINANCIAL STATEMENTS – Note 10 – Commitments and Contingencies – Commitments – Fuel Supply Contracts*". In addition to these firm contracts, Chugach has gas supply agreements with Aurora Gas LLC through September 30, 2016, AIX Energy LLC through March 31, 2024 (with an option to extend the term an additional 5-year period through March 31, 2029), and with Cook Inlet Energy LLC through March 31, 2018 (with an option to extend the term an additional 5-year period through March 31, 2023). Collectively, these agreements provide added diversification and optionality for Chugach to minimize costs within its gas supply portfolio.

Renewable Energy Goals

A State of Alaska Energy Policy approved by the legislature in 2010 included legislative intent that the state achieve a 15% increase in energy efficiency on a per capita basis between 2010 and 2020, receive 50% of its electric generation from renewable and alternative energy sources by 2025, work to ensure reliable in-state gas supply for residents of the state, and that the state power project fund serve as the main source of state assistance for energy projects, remain a leader in petroleum and natural gas production and become a leader in renewable and alternative energy development.

The main project moving Alaska toward its renewable energy goals was to be the Susitna-Watana Hydroelectric Project on the Susitna River, approximately halfway between Anchorage and Fairbanks. The State of Alaska began appropriating funds to the AEA for this project in the state's 2012 fiscal year budget, totaling approximately $180.7 million through the spring of 2014. After pausing spending on the project in December 2014, following a drop in oil prices and the associated state revenue, in July 2015 the Governor of the State of Alaska approved using $6.6 million in uncommitted funds from a prior Susitna-Watana appropriation to continue moving the project forward. In October 2015, the state's Office of Management and Budget lifted the spending freeze on the Susitna-Watana Hydroelectric Project providing AEA with access to funds representing approximately three percent of the total allocation. AEA estimates the project's cost at over $5.5 billion and planned to act based on the funding the state's fiscal reality allowed. AEA continued the pre-licensing study process with the FERC and filed Part D of the Initial Study Report on November 6, 2015. On December 2, 2015, the FERC published an updated licensing schedule, including stakeholder meetings that began in March 2016. On June

29, 2016, in light of the ongoing budget deficit, the Governor announced he was closing down a pair of projects, including the Susitna-Watana Hydroelectric Project. AEA subsequently noted it was in the middle of a FERC licensing process and would work to preserve the investment made on the project. AEA said that during FY17, it would finalize study reports, collect final data and remove equipment from the field.

Chugach intends to continue to work with AEA and other parties on this effort.

RESULTS OF OPERATIONS

Current Year Quarter versus Prior Year Quarter

Assignable margins decreased $0.9 million, or 88.0%, during the second quarter of 2016 compared to the second quarter of 2015, primarily due to lower energy sales, which was somewhat offset by decreases in transmission and distribution expenses, as well as interest on long-term debt and other.

Operating revenues, which include sales of electric energy to retail, wholesale and economy energy customers and other miscellaneous revenues, decreased $3.1 million, or 6.5%, in the second quarter of 2016 compared to the second quarter of 2015. This decrease was primarily due to the expiration of MEA's interim wholesale contract on April 30, 2015.

Retail revenue increased $2.5 million, or 6.5%, in the second quarter of 2016 compared to the second quarter of 2015. Base revenue increased primarily due to an increase in rates charged to retail customers as a result of Chugach's June 2014 Test Year General Rate Case, which was somewhat offset by lower retail energy sales due in part to warmer weather. Fuel and purchased power revenue increased due to retail customers assuming a higher portion of the fuel and purchased power surcharge, which was somewhat offset by lower fuel and purchased power expense recovered through the fuel and purchased power surcharge process.

Wholesale revenue decreased $5.5 million, or 82.1%, in the second quarter of 2016 compared to the second quarter of 2015, primarily due to the expiration of MEA's interim wholesale contract on April 30, 2015.

Based on the results of fixed and variable cost recovery established in Chugach's last rate case, wholesale sales to Seward contributed approximately $0.3 million to Chugach's fixed costs for the quarters ended June 30, 2016 and 2015. Wholesale sales to MEA contributed approximately $1.9 million to Chugach's fixed costs for the quarter ended March 31, 2015.

The following table shows the base rate sales revenue and fuel and purchased power revenue by customer class that is included in revenue for the quarters ended June 30, 2016 and 2015:

	Base Rate Sales Revenue			Fuel and Purchased Power Revenue			Total Revenue		
	2016	2015	% Variance	2016	2015	% Variance	2016	2015	% Variance
Retail									
Residential	$ 14.1	$ 13.5	4.4%	$ 5.9	$ 5.1	15.7%	$ 20.0	$ 18.6	7.5%
Small Commercial	$ 2.5	$ 2.5	0.0%	$ 1.5	$ 1.3	15.4%	$ 4.0	$ 3.8	5.3%
Large Commercial	$ 10.3	$ 10.3	0.0%	$ 6.4	$ 5.5	16.4%	$ 16.7	$ 15.8	5.7%
Lighting	$ 0.4	$ 0.4	0.0%	$ 0.0	$ 0.0	0.0%	$ 0.4	$ 0.4	0.0%
Total Retail	**$ 27.3**	**$ 26.7**	**2.2%**	**$ 13.8**	**$ 11.9**	**16.0%**	**$ 41.1**	**$ 38.6**	**6.5%**
Wholesale									
MEA	$ 0.0	$ 2.6	(100.0%)	$ 0.0	$ 3.0	(100.0%)	$ 0.0	$ 5.6	(100.0%)
SES	$ 0.5	$ 0.5	0.0%	$ 0.7	$ 0.6	16.7%	$ 1.2	$ 1.1	9.1%
Total Wholesale	**$ 0.5**	**$ 3.1**	**(83.9%)**	**$ 0.7**	**$ 3.6**	**(80.6%)**	**$ 1.2**	**$ 6.7**	**(82.1%)**
Economy	$ 0.0	$ 0.0	0.0%	$ 0.0	$ 0.0	0.0%	$ 0.0	$ 0.0	0.0%
Miscellaneous	$ 0.5	$ 0.6	(16.7%)	$ 1.8	$ 1.8	0.0%	$ 2.3	$ 2.4	(4.2%)
Total Revenue	**$ 28.3**	**$ 30.4**	**(6.9%)**	**$ 16.3**	**$ 17.3**	**(5.8%)**	**$ 44.6**	**$ 47.7**	**(6.5%)**

The following table summarizes kWh sales for the quarters ended June 30:

Customer	2016 kWh	2015 kWh
Retail	251,788,068	256,871,385
Wholesale	14,313,036	74,903,098
Total	266,101,104	331,774,483

Base rates charged to retail and wholesale customers in the second quarter of 2016 include base rate changes effective May 1, 2015, as a result of Chugach's June 2014 Test Year General Rate Case. Effectively, base rates increased 21.8% to retail customers and 16.9% to Seward in the second quarter of 2016 compared to the second quarter of 2015.

Total operating expenses decreased $2.0 million, or 4.6%, in the second quarter of 2016 compared to the second quarter of 2015.

Fuel expense decreased $1.2 million, or 9.4%, in the second quarter of 2016 compared to the second quarter of 2015, primarily due to a decrease in the volume of natural gas used as a result of the expiration of the contract with MEA, which was somewhat offset by a higher average effective delivered price. In the second quarter of 2016, Chugach used 1,944,509 MCF of fuel at an average effective delivered price of $5.16 per MCF. In the second quarter of 2015, Chugach used 2,777,962 MCF of fuel at an average effective delivered price of $4.21 per MCF.

Production expense did not materially change in the second quarter of 2016 compared to the second quarter of 2015.

Purchased power expense decreased $0.5 million, or 10.3%, in the second quarter of 2016 compared to the second quarter of 2015, primarily due to a lower average effective price, which was somewhat offset by more energy purchased. In the second quarter of 2016, Chugach purchased 84,440 megawatt hours (MWh) of energy at an average effective price of 4.18 cents per kWh. In the second quarter of 2015, Chugach purchased 74,121 MWh of energy at an average effective price of 5.46 cents per kWh.

Transmission expense decreased $0.2 million, or 10.1%, in the second quarter of 2016 compared to the second quarter of 2015, primarily due to a decrease in transmission line maintenance.

Distribution, consumer accounts, administrative, general and other expense, and depreciation and amortization expense did not materially change in the second quarter of 2016 compared to the second quarter of 2015.

Interest on long-term and other debt and interest charged to construction did not materially change in the second quarter of 2016 compared to the second quarter of 2015.

Non-operating margins did not materially change in the second quarter of 2016 compared to the second quarter of 2015.

Current Year to Date versus Prior Year to Date

Assignable margins decreased $4.3 million, or 86.8%, in the first half of 2016 compared to the same period in 2015, due primarily to lower operating revenues caused by a decrease in energy sales, which was somewhat offset by decreases in production and transmission expense, and lower depreciation and amortization expense.

Operating revenues, which include sales of electric energy to retail, wholesale and economy energy customers and other miscellaneous revenues, decreased $27.8 million, or 22.7%, in the first half of 2016 compared to the same period in 2015.

Retail revenue increased $6.5 million, or 7.9%, in the first half of 2016 compared to the first half of 2015. Base revenue increased primarily due to an increase in rates charged to retail customers as a result of Chugach's June 2014 Test Year General Rate Case, which was somewhat offset by lower retail energy sales due in part to warmer weather.

Wholesale revenue decreased $26.0 million, or 91.5%, in the first half of 2016 compared to the same period in 2015, due primarily to the expiration of MEA's interim wholesale contract.

Economy energy revenue decreased $8.0 million, or 100%, in the first half of 2016 compared to the same period in 2015 due to the expiration of GVEA's contract at the end of the first quarter of 2015.

Based on the results of fixed and variable cost recovery established in Chugach's last rate case, wholesale sales to Seward contributed approximately $0.6 million for the six months ended June 30, 2016 to Chugach's fixed costs for the six months ended June 30, 2016. Wholesale sales to Seward and MEA contributed approximately $9.5 million and $0.6 million, respectively, to Chugach's fixed costs for the six months ended June 30, 2015.

The following table shows the base rate sales revenue and fuel and purchased power revenue by customer class that is included in revenue for the six months ended June 30, 2016 and 2015:

	Base Rate Sales Revenue			Fuel and Purchased Power Revenue			Total Revenue		
	2016	2015	% Variance	2016	2015	% Variance	2016	2015	% Variance
Retail									
Residential	$ 31.6	$ 28.8	9.7%	$ 13.2	$ 12.8	3.1 %	$ 44.8	$ 41.6	7.7%
Small Commercial	$ 5.7	$ 5.1	11.8 %	$ 3.2	$ 3.1	3.2 %	$ 8.9	$ 8.2	8.5 %
Large Commercial	$ 21.3	$ 19.3	10.4%	$ 12.8	$ 12.2	4.9 %	$ 34.1	$ 31.5	8.3%
Lighting	$ 0.8	$ 0.8	0.0 %	$ 0.1	$ 0.1	0.0 %	$ 0.9	$ 0.9	0.0 %
Total Retail	**$ 59.4**	**$ 54.0**	**10.0%**	**$ 29.3**	**$ 28.2**	**3.9 %**	**$ 88.7**	**$ 82.2**	**7.9%**
Wholesale									
MEA	$ 0.0	$ 12.8	(100.0%)	$ 0.0	$ 13.3	(100.0%)	$ 0.0	$ 26.1	(100.0%)
SES	$ 1.0	$ 0.9	11.1 %	$ 1.4	$ 1.4	0.0 %	$ 2.4	$ 2.3	4.3 %
Total Wholesale	**$ 1.0**	**$ 13.7**	**(92.7%)**	**$ 1.4**	**$ 14.7**	**(90.5%)**	**$ 2.4**	**$ 28.4**	**(91.5%)**
Economy	$ 0.0	$ 0.7	(100.0%)	$ 0.0	$ 7.3	(100.0%)	$ 0.0	$ 8.0	(100.0%)
Miscellaneous	$ 1.1	$ 1.1	0.0%	$ 2.7	$ 3.0	(10.0%)	$ 3.8	$ 4.1	(7.3%)
Total Revenue	**$ 61.5**	**$ 69.5**	**(11.5%)**	**$ 33.4**	**$ 53.2**	**(37.2%)**	**$ 94.9**	**$ 122.7**	**(22.7%)**

The following table summarizes kWh sales for the six months ended June 30:

Customer	**2016 kWh**	**2015 kWh**
Retail	548,964,331	564,030,853
Wholesale	29,531,257	303,942,742
Economy Energy	0	96,165,000
Total	578,495,588	964,138,595

Base rates charged to retail and wholesale customers in the first half of 2016 include base rate changes effective May 1, 2015, as a result of Chugach's June 2014 Test Year General Rate Case. Effectively, base rates increased 21.8% to retail customers and 16.9% to Seward, respectively, in the first half of 2016 compared to the first half of 2015.

Total operating expenses decreased $23.1 million, or 21.6%, in the first half of 2016 over the same period in 2015.

Fuel expense decreased $17.2 million, or 39.9%, in the first half of 2016 compared to the same period in 2015, due primarily to a decrease in the volume of natural gas used as a result of the expiration of contracts with MEA and GVEA, which was somewhat offset by a higher average effective price delivered. In the first half of 2016, Chugach used 4,140,197 MCF of fuel at an average effective delivered price of $5.51 per MCF. In the first half of 2015, Chugach used 8,197,222 MCF of fuel at an average effective delivered price of $4.93 per MCF.

Production expense decreased $0.8 million, or 8.8%, in the first half of 2016 compared to the same period in 2015, due primarily to a decrease in operating and maintenance costs at Beluga, as a result of the retirement of Beluga Unit 8 during the first quarter of 2015. Lower operating and maintenance costs at SPP also contributed to the decrease.

Purchased power expense decreased $3.1 million, or 27.7%, in the first half of 2016 compared to the same period in 2015, due primarily to a decrease in energy purchased from MEA's Eklutna Generation Station (EGS), which was somewhat offset by a higher average effective price. In the first half of 2016, Chugach purchased 84,440 MWh of energy at an average effective price of 8.20 cents per kWh. In the first half of 2015, Chugach purchased 198,977 MWh of energy at an average effective price of 5.01 cents per kWh.

Transmission expense decreased $0.3 million, or 11.1%, in the first half of 2016 compared to the same period in 2015, due primarily to less expense labor and transmission line maintenance.

Distribution, consumer accounts, and administrative, general and other expense did not materially change in the first half of 2016 compared to the first half of 2015.

Depreciation and amortization expense decreased $1.6 million, or 8.4%, in the first half of 2016 compared to the same period in 2015, due primarily to the retirement of Beluga Unit 8, as well as a change in the depreciation rates associated with the use of Beluga's remaining units as peaking units rather than base load, coinciding with the expiration of MEA's interim wholesale contract.

Interest on long-term and other debt and interest charged to construction did not materially change in the first half of 2016 compared to the first half of 2015.

Non-operating margins did not materially change in the first half of 2016 compared to the first half of 2015.

Financial Condition

Assets

Total assets increased $40.8 million, or 5.2%, from December 31, 2015, to June 30, 2016. Increases in net utility plant, prepayments and deferred charges, were somewhat offset by decreases in accounts receivable and cash and cash equivalents over the same period. Net utility plant increased $42.5 million, or 6.3%, and deferred charges increased $1.2 million, or 7.2%, primarily due to the acquisition of the BRU and associated acquisition costs. Prepayments increased $1.3 million, or 87.6%, due primarily to the prepayment of insurance. Accounts receivable decreased $3.1 million, or 11.0%, and cash and cash equivalents decreased $0.9 million, or 5.8%, primarily due to a decrease in energy sales from winter to spring.

Liabilities and Equity

Total liabilities, equities and margins increased $40.8 million, or 5.2%, from December 31, 2015 to June 30, 2016. Increases in long-term obligations, cost of removal obligation and commercial paper were somewhat offset by a decrease in fuel cost over-recovery over the same period. Long-term obligations increased $21.2 million, or 5.0%, primarily due to the 2016 CoBank Note used to finance the BRU acquisition. Cost of removal obligation increased $5.1 million, or 9.8%, primarily due to the ARO liability assumed as part of the acquisition. Commercial paper increased $14.0 million, or 70.0%, primarily due to the funds needed for principal payments associated with the 2011 and 2012 bonds. Fuel cost over-recovery decreased $1.2 million, or 22.7%, due to the refund of the prior quarter's over-recovery of fuel and purchased power costs.

LIQUIDITY AND CAPITAL RESOURCES

Summary

Chugach ended the first half of 2016 with $14.7 million of cash and cash equivalents, down from $15.6 million at December 31, 2015. Chugach did not utilize its $50.0 million line of credit maintained with NRUCFC in the six months ended June 30, 2016, therefore, this line of credit had no outstanding balance and the available borrowing capacity under this line was $50.0 million at June 30, 2016. Chugach issued commercial paper in the six months ended June 30, 2016 and had $34.0 million of commercial paper outstanding at June 30, 2016, thus the available borrowing capacity under the commercial paper program at June 30, 2016, was $116.0 million.

Cash equivalents consist of all highly liquid debt instruments, with a maturity of three months or less when purchased, and a concentration account with First National Bank Alaska (FNBA).

Cash Flows

The following table summarizes Chugach's cash flows from operating, investing and financing activities for the six months ended June 30, 2016 and 2015.

Total cash provided by (used in):	2016	2015
Operating activities	$ 20,686,492	$ 39,135,606
Investing activities	(58,728,141)	(8,870,470)
Financing activities	37,131,426	(33,004,583)
Decrease in cash and cash equivalents	$ (910,223)	$ (2,739,447)

Operating Activities

Cash provided by operating activities was $20.7 million for the six months ended June 30, 2016, compared with $39.1 million for the six months ended June 30, 2015.

The decrease in cash provided by operating activities in the first half of 2016 from the first half of 2015 was primarily due to the expiration of the MEA and GVEA contracts in 2015. These resulted in a decrease in cash provided by accounts receivable, as well as an increase in cash used associated with natural gas primarily for operations and from the fuel storage facility. Cash used for deferred acquisition costs and the refund associated with the over-collection of fuel through the fuel and purchased power adjustment process also contributed to the decrease.

Investing Activities

Cash used in investing activities was $58.7 million for the six months ended June 30, 2016, compared with $8.9 million for the six months ended June 30, 2015. The change in cash used in investing activities was primarily due to Chugach's investment in the BRU, as well as, extension and replacement of plant primarily due to distribution substation projects.

Capital construction through June 30, 2016, was $15.2 million and is estimated to be $30.2 million for the full year. Once funding from other sources is collected, the total cash requirement is estimated to be $23.7 million for 2016. Capital improvement expenditures are expected to increase during the third quarter as the construction season continues.

Financing Activities

Cash provided by financing activities was $37.1 million for the six months ended June 30, 2016, compared to cash used of $33.0 million for the six months ended June 30, 2015. The change in cash provided by financing activities was primarily due to the proceeds from the 2016 CoBank Note used to finance the BRU acquisition.

Sources of Liquidity

Chugach satisfies its operational and capital cash requirements through internally generated funds, a $50.0 million line of credit from NRUCFC and a $150.0 million commercial paper program. At June 30, 2016, there was no outstanding balance on the NRUCFC line of credit and $34.0 million of outstanding commercial paper. At June 30, 2016, the available borrowing capacity under Chugach's line of credit with NRUCFC was $50.0 million and the available commercial paper capacity was $116.0 million.

Commercial paper can be repriced between one day and 270 days. The average commercial paper balance for the six months ended June 30, 2016, was $45.6 million with a corresponding weighted average interest rate of 0.61%. The maximum amount of outstanding commercial paper for the six months ended June 30, 2016, was $81.0 million.

The following table provides information regarding monthly average commercial paper balances outstanding (dollars in millions), as well as corresponding monthly weighted average interest rates:

Month	Average Balance	Weighted Average Interest Rate
January 2016	$ 16.1	0.61
February 2016	$ 16.9	0.60
March 2016	$ 30.5	0.60
April 2016	$ 55.1	0.60
May 2016	$ 78.2	0.60
June 2016	$ 76.0	0.62

At June 30, 2016, Chugach had two term loan facilities with CoBank. Loans made under these facilities are evidenced by the 2011 CoBank Note and the 2016 CoBank Note, which are governed by the Second and Amended and Restated Master Loan Agreement dated June 30, 2016 and secured by the Indenture.

At June 30, 2016, Chugach had the following outstanding with this facility:

	Principal Balance	Interest Rate at June 30, 2016	Maturity Date	Principal Payment Dates
2011 CoBank Note	$ 22,241,852	2.80%	2022	2017-2022
2016 CoBank Note	$ 45,600,000	2.58%	2031	2016-2031

On July 13, 2016, Chugach used commercial paper to pay off the balance of the 2011 CoBank Note.

Under the Indenture, additional obligations may be sold by Chugach upon the basis of bondable additions and the retirement or defeasance of or principal payments on previously outstanding obligations. Chugach's ability to sell additional debt obligations will be dependent on the market's perception of Chugach's financial condition and Chugach's continuing compliance with financial covenants contained in its debt agreements.

Chugach management continues to expect that cash flows from operations and external funding sources, including additional commercial paper borrowings, will be sufficient to cover operational, financing and capital funding requirements in 2016 and thereafter.

CRITICAL ACCOUNTING POLICIES

As of June 30, 2016, there have been no significant changes in Chugach's critical accounting policies as disclosed in Chugach's 2015 Annual Report on Form 10-K. These policies include electric utility regulation and unbilled revenue.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Information required by this Item is contained in Note 6 to the "Notes to Financial Statements" within Part I, Item 1 of this Form 10-Q.

ENVIRONMENTAL MATTERS

Compliance with Environmental Standards

Chugach's operations are subject to certain federal, state and local environmental laws and regulations, which seek to limit air, water and other pollution and regulate hazardous or toxic waste disposal. While Chugach monitors these laws and regulations to ensure compliance, they frequently change and often become more restrictive. When this occurs, costs of compliance generally increase.

Costs associated with environmental compliance are included in both the operating and capital budgets. Costs associated with environmental remediation obligations are accrued when probable and reasonably able to be estimated. It is not anticipated that expenditures associated with environmental matters will have a material effect on Chugach's financial condition, results of operations or cash flows. Chugach cannot, however, predict the nature, extent or cost of new laws or regulations relating to environmental matters.

Since January 1, 2007, transformer manufacturers have been required to meet the DOE efficiency levels as defined by the Energy Act for all "Distribution Transformers." As of January 1, 2016, the specific efficiency levels are increasing from the original "TP1" levels to the new "DOE-2016" levels. The Energy Act mandates specific types of low voltage dry-type transformers manufactured and sold in the USA to have efficiencies as defined by the 10 CFR Part 431 standard when loaded to 35% of maximum capacity. Chugach is in the process of evaluating our transformer specifications and will make modifications as necessary with our alliance transformer manufacturers to ensure DOE-2016 is met. At this time a small increase in capital costs is anticipated along with a reduction in energy losses.

The Clean Air Act and Environmental Protection Agency (EPA) regulations under the Clean Air Act establish ambient air quality standards and limit the emission of many air pollutants. New Clean Air Act regulations impacting electric utilities may result from future events or new regulatory programs. On August 3, 2015, the EPA released the final 111(d) regulation language aimed at reducing emissions of carbon dioxide (CO_2) from existing power plants that provide electricity for utility customers. In the final rule, the EPA took the approach of making individual states responsible for the development and implementation of plans to reduce the rate of CO_2 emissions from the power sector. The EPA has initially applied the final rule to 47 of the contiguous states. At this time, Alaska, Hawaii, Vermont, Washington D.C. and two U.S. territories are not bound by the regulation. Alaska may be required to comply at some future date. On February 9, 2016 the U.S. Supreme Court issued a stay on the proposed EPA 111(d) regulations until the DC Circuit decides the case, or until the disposition of a petition to the Supreme Court on the issue. The EPA 111(d) regulation, in its current form, is not expected to have a material effect on Chugach's financial condition, results of operations, or cash flows. While Chugach cannot predict the implementation of any additional new law or regulation, or the limitations thereof, it is possible that new laws or regulations could increase capital and

operating costs. Chugach has obtained or applied for all Clean Air Act permits currently required for the operation of generating facilities.

Chugach is subject to numerous other environmental statutes including the Clean Water Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Endangered Species Act, and the Comprehensive Environmental Response, Compensation and Liability Act and to the regulations implementing these statutes. Chugach does not believe that compliance with these statutes and regulations to date has had a material impact on its financial condition, results of operation or cash flows. However, the implementation of any new law or regulation, or the limitations thereof, or changes in or new interpretations of laws or regulations could result in significant additional capital or operating expenses. Chugach monitors proposed new regulations and existing regulation changes through industry associations and professional organizations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Chugach is exposed to a variety of risks, including changes in interest rates and changes in commodity prices due to repricing mechanisms in a gas supply contract. In the normal course of its business, Chugach manages exposure to these risks as described below. Chugach does not engage in trading market risk-sensitive instruments for speculative purposes.

Interest Rate Risk

At June 30, 2016, short- and long- term debt was comprised of the 2011 and 2012 Series A Bonds, the 2011 and 2016 CoBank Notes and outstanding commercial paper.

The interest rates of the 2011 Series A Bonds, 2012 Series A Bonds, and 2016 CoBank Note are fixed and set forth in the table below with the carrying value and fair value (dollars in millions) at June 30, 2016.

	Maturing	Interest Rate	Carrying Value	Fair Value
2011 Series A, Tranche A	2031	4.20 %	$ 67,500	$ 70,115
2011 Series A, Tranche B	2041	4.75 %	154,167	171,587
2012 Series A, Tranche A	2032	4.01 %	60,000	61,677
2012 Series A, Tranche B	2042	4.41 %	95,000	102,211
2012 Series A, Tranche C	2042	4.78 %	50,000	56,347
2016 CoBank Note	2031	2.58 %	45,600	44,973
Total			$ 472,267	$ 506,910

Chugach is exposed to market risk from changes in interest rates associated with other credit facilities. Chugach's credit facilities' interest rates may be reset due to fluctuations in a market-based index, such as the London Interbank Offered Rate (LIBOR) or the base rate or prime rate of lenders. At June 30, 2016, Chugach had $34.0 million of commercial paper outstanding and $22.2 million outstanding on its 2011 CoBank Note. A 100 basis-point rise in interest rates would increase interest expense by approximately $0.6 million, and up to a 100 basis-point decline in interest rates would decrease interest expense by approximately $0.5 million, based on $56.2 million of variable rate debt outstanding at June 30, 2016.

Commodity Price Risk

A portion of Chugach's gas supply is subject to fluctuations in gas prices because the gas price is indexed to certain commodity prices. Because fuel and purchased power costs are passed directly to wholesale and retail customers through a fuel and purchased power recovery process, fluctuations in the price paid for gas pursuant to gas supply contracts does not normally impact margins.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures

As of the end of the period covered by this report, under the supervision and with the participation of Chugach management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), Chugach conducted an evaluation of the effectiveness of the design and operation of disclosure controls and procedures, as defined in the Securities Exchange Act of 1934 ("Exchange Act") Rule 13a-15(e). Based on this evaluation, the CEO and CFO each concluded that as of the end of the period covered by this report, disclosure controls and procedures are effective in timely alerting them to material information required to be disclosed in Chugach's periodic reports to the Securities and Exchange Commission (SEC), ensures that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

On April 22, 2016, we completed the acquisition of the BRU. In connection with the acquisition, Chugach is evaluating and, where necessary, will implement changes in internal controls and procedures. This process may result in additions or changes to our internal control over financial reporting. There were no other changes in Chugach's internal controls over financial reporting identified in connection with the evaluation that occurred during the second quarter of 2016 that has materially affected, or is reasonably likely to materially affect, internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information required by this Item is contained in Note 10 to the "Notes to Financial Statements" within Part I, Item 1 of this Form 10-Q.

ITEM 1A. RISK FACTORS

Regulatory

Chugach's billing rates are approved by the RCA. Chugach filed its June 2014 General Rate Case on February 13, 2015, to reflect revenue and cost changes resulting from the April 30, 2015, expiration of the 2015 Interim Power Sales Agreement between MEA and Chugach. Chugach requested a system base rate increase of approximately $21.3 million on total base rate revenues. The RCA issued Order U-15-081(1) on April 30, 2015, suspending the filing and granting Chugach's request for interim and refundable rate increases effective May 1, 2015. On May 2, 2016, the RCA issued Order U-15-081(8) accepting the stipulation between Chugach and the AG. On May 20, 2015, Chugach submitted updated revenue requirement, cost of service and tariffs reflecting the results of the stipulation, with proposed final rates effective July 5, 2016, which were subsequently approved by the RCA. See "*Item 1 FINANCIAL STATEMENTS – Note 4 – Regulatory Matters – June 2014 Test Year General Rate Case*."

Fuel Supply

On April 21, 2016, the RCA approved the acquisition of the Beluga River Unit effective January 1, 2016, as discussed in "*Item 1 – FINANCIAL STATEMENTS – Note 4 – Regulatory Matters – Beluga River Unit and Note 9 – Beluga River Unit*." The acquisition complements existing gas supplies and is expected to provide greater fuel diversity at an effective annual cost that is $2 million to $3 million less than alternative sources of gas in the Cook Inlet region. Approximately 80% of Chugach's current generation requirements are met from natural gas, 16% are met from hydroelectric facilities, and 4% are met from wind.

The acquisition is expected to provide gas to meet Chugach's on-going generation requirements over an approximate 18-year period, or from 2016 to 2033. Gas associated with the acquisition is expected to provide about 15% of Chugach's gas requirements through 2033, although actual gas quantities produced are expected to vary on a year-by-year basis.

Financing

On June 13, 2016, Chugach replaced the $100 million unsecured Credit Agreement, amended and extended on June 29, 2012, and due to expire on November 17, 2016. The new Credit Agreement is a $150 million senior unsecured credit facility under which Chugach may borrow funds necessary for general corporate purposes, to issued standby letters of credit or to pay amounts due under short-term promissory notes (commercial paper) issued by Chugach, in the event of disruption in the commercial paper markets. The new Credit Agreement is due to expire on June 13, 2021.

On July 13, 2016, Chugach used commercial paper to pay down the outstanding balance on its 2011 CoBank Note. Chugach is expected to continue to issue commercial paper in 2016, as needed, however, the requirement for short-term borrowing has decreased.

Credit Rating

In April 2016, Fitch Ratings assigned an “A” (Stable) rating on Chugach’s implied senior unsecured obligations.

For information regarding additional risk factors, refer to Item 1A of Chugach’s Annual Report on Form 10-K for the year ended December 31, 2015. Except as noted above, these risk factors have not materially changed as of June 30, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Fifth Supplemental Indenture to the Second Amended and Restated Indenture of Trust between the Registrant and U.S. Bank National Association dated June 30, 2016

Second Amended and Restated Master Loan Agreement between the Registrant and CoBank, ACB, dated June 30, 2016

Supplement to the Second and Amended and Restated Master Loan Agreement between the Registrant and CoBank, ACB, dated June 30, 2016

Form of 2016 CoBank Note

Credit Agreement between the Registrant and the National Rural Utilities Cooperative Finance Corporation (NRUCFC), Bank of America, N.A., KeyBank National Association, and CoBank, ACB, dated June 13, 2016

Employment Agreement between the Registrant and Bradley W. Evans dated effective July 18, 2016

Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

XBRL Instance Document

XBRL Taxonomy Extension Schema Document

XBRL Taxonomy Extension Calculation Linkbase Document

XBRL Taxonomy Extension Label Linkbase Document

XBRL Taxonomy Extension Presentation Linkbase Document

XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this quarterly report to be signed on its behalf by the undersigned thereunto duly authorized.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: _____
Lee D. Thibert
Chief Executive Officer

By: _____
Sherri L. Highers
Chief Financial Officer

Date: August 12, 2016

EXHIBITS

Listed below are the exhibits, which are filed as part of this Report:

Exhibit Number	***Description***
4.30	Fifth Supplemental Indenture to the Second Amended and Restated Indenture of Trust between the Registrant and U.S. Bank National Association dated June 30, 2016
10.45.11	Second Amended and Restated Master Loan Agreement between the Registrant and CoBank, ACB, dated June 30, 2016
10.45.12	Supplement to the Second Amended and Restated Master Loan Agreement between the Registrant and CoBank, ACB, dated June 30, 2016
10.45.13	Form of 2016 CoBank Note
10.79	Credit Agreement between the Registrant and the National Rural Utilities Cooperative Finance Corporation (NRUCFC), Bank of America, N.A., KeyBank National Association, and CoBank, ACB, dated June 13, 2016
10.80	Employment Agreement between the Registrant and Bradley W. Evans dated effective July 18, 2016
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

A L A S K A

2016-026065-0
Recording Dist: 301 - Anchorage
6/29/2016 11:34 AM Pages: 1 of 10

After Recording Return to:

Davis Wright Tremaine, LLP
1201 Third Avenue, Suite 2200
Seattle, WA 98101-3045
Attention: Donald E. Percival

FATIC 1814320

FIFTH SUPPLEMENTAL INDENTURE

(to that certain Second Amended and Restated Indenture of Trust, dated as of January 20, 2011)

Dated as of June 30, 2016

BETWEEN

CHUGACH ELECTRIC ASSOCIATION, INC.,
5601 Electron Drive, Anchorage, Alaska 99519,

TRUSTOR

AND

U.S. BANK NATIONAL ASSOCIATION,
1420 Fifth Avenue, 7th Floor, Seattle, Washington 98101,
Attn: Corporate Trust Services

TRUSTEE

FIRST MORTGAGE OBLIGATIONS

FIFTH SUPPLEMENTAL INDENTURE OF TRUST

THIS FIFTH SUPPLEMENTAL INDENTURE OF TRUST, dated as of June 30, 2016, is between **CHUGACH ELECTRIC ASSOCIATION, INC.**, an Alaska electric cooperative, as Trustor (hereinafter called the "Company"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized under the laws of the United States, as Trustee (hereinafter called the "Trustee").

A. RECITALS OF THE COMPANY

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Second Amended and Restated Indenture dated as of January 20, 2011, as amended by that First Supplemental Indenture dated as of January 20, 2011, Second Supplemental Indenture of Trust dated as of September 30, 2011, Third Supplemental Indenture dated as of January 5, 2012, and Fourth Supplemental Indenture dated as of February 3, 2015 (as so amended, the "Original Indenture," which is filed of record as shown on Exhibit A hereto), for the purpose of providing for the authentication and delivery of Obligations by the Trustee from time to time under the Original Indenture. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Original Indenture. The Original Indenture, as heretofore, hereby and hereafter supplemented, may herein be referred to as the "Indenture";

WHEREAS, the Company and CoBank, ACB ("CoBank") have entered into the Second Amended and Restated Master Loan Agreement, dated as of June 30, 2016 (MLA No. 000976B) (the "Master Loan Agreement") which has been supplemented and amended by a Supplement dated as of June 30, 2016, between the Company and CoBank (the "Supplement"), pursuant to which CoBank intends to make a single-advance term loan (ML0976T3) to the Company, evidenced by that certain Promissory Note in the original principal amount of $45,600,000 (the "2016 CoBank Note"). The Master Loan Agreement, as supplemented and amended by the Supplement, is hereinafter referred to as the "Loan Agreement;"

WHEREAS, the Board of Directors of the Company has authorized and approved actions necessary under the Indenture for the Company to provide for establishment of an Obligation designated as the "2016 CoBank Note" and for the authentication of the 2016 CoBank Note as an Additional Obligation;

WHEREAS, the Company desires to execute and deliver this Fifth Supplemental Indenture, in accordance with the provisions of the Indenture, for the purpose of providing for the creation and designation of the 2016 CoBank Note and specifying the form and provisions of the 2016 CoBank Note;

WHEREAS, Section 13.1 of the Indenture provides that, without the consent of the Holders of any of the Obligations at the time Outstanding, the Company, when authorized by a Board Resolution, and the Trustee, may enter into supplemental indentures for the purposes of and subject to the conditions set forth in such Section 13.1, and this Fifth Supplemental Indenture is permitted pursuant to provisions of Section 13.1(c);

WHEREAS, Sections 5.3 of the Indenture provides that the Company may enter into this Fifth Supplemental Indenture when authorized by a Board Resolution, and the Trustee shall authenticate and deliver the 2016 CoBank Note upon delivery of a Company Request as provided under the Indenture and satisfaction of all other conditions precedent thereto under the Indenture; and

WHEREAS, all acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to secure the payment of the principal of (and premium, if any) and interest on the 2016 CoBank Note, to make the 2016 CoBank Note issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, and to constitute under the Indenture a valid and binding lien for the security of the 2016 CoBank Note, in accordance with its terms, have been done and taken, and the execution and delivery of this Fifth Supplemental Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE WITNESSETH, that, to secure the payment of the principal of (and premium. if any) and interest on the Outstanding Secured Obligations, including, when issued, the 2016 CoBank Note, to confirm the lien of the Indenture upon the Trust Estate, including property purchased, constructed or otherwise acquired by the Company since the date of execution of the Original Indenture, to secure performance of the covenants therein and herein contained, to confirm the terms and conditions on which the 2016 CoBank Note is secured, and in consideration of the premises thereof and hereof, the Company by these presents does grant, bargain, sell, alienate, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee, and its successors and assigns in the trust created thereby and hereby, in trust, all property, rights, privileges and franchises (other than Excepted Property and Excluded Property) of the Company, whether now owned or hereafter acquired, of the character described in the Granting Clauses of the Indenture, including all such property, rights, privileges and franchises acquired since the date of execution of the Original Indenture, including, without limitation, all of those fee and leasehold interests in real property, if any, which may hereafter be constructed or acquired by it, but subject to all exceptions, reservations and matters of the character therein referred to, and expressly excepting and excluding from the lien and operation of the Indenture all properties of the character specifically excepted as "Excepted Property" or "Excludable Property" in the Indenture to the extent contemplated thereby.

PROVIDED, HOWEVER, that if, upon the occurrence of an Event of Default under the Indenture, the Trustee, or any separate trustee or co-trustee appointed under Section 10.14 of the Indenture or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Trust Estate, all the Excepted Property described or referred to in paragraphs (a) through (g). inclusive, of "Excepted Property" in the Indenture then owned or thereafter acquired by the Company, shall immediately, and, in the case of any Excepted Property described or referred to in paragraphs (h) through (k), inclusive, of "Excepted Property" in the Indenture, upon demand of the Trustee or such other trustee or receiver, become subject to the lien of the Indenture to the extent permitted by law, and the Trustee or such other trustee or receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and whenever all Events of Default shall have been cured and the possession of all or substantially all of the Trust Estate shall have been restored to the

Company, such Excepted Property shall again be excepted and excluded from the lien of the Indenture to the extent and otherwise as hereinabove set forth and as set forth in the Indenture.

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

TO HAVE AND TO HOLD all said property, rights, privileges and franchises hereby and hereafter (by a Supplemental Indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the tenements, hereditaments and appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated in the Indenture not to be deemed part of the Trust Estate) being part of the Trust Estate), unto the Trustee, and its successors and assigns in the trust herein created, forever.

SUBJECT, HOWEVER, to (i) Permitted Encumbrances. (ii) to the extent permitted by Section 14.6 of the Indenture, as to property hereafter acquired, (a) any duly recorded or perfected Prior Lien that may exist thereon at the date of the acquisition thereof by the Company, and (b) purchase money mortgages, other purchase money liens, chattel mortgages, security agreements, conditional sales agreements or other title retention agreements created by the Company at the time of acquisition thereof, and (iii) defects of title to and encumbrances on property as shown on Exhibit A of the Indenture and existing on the date hereof.

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

UPON CONDITION that, until the happening of an Event of Default and subject to the provisions of Article 6 of the Indenture and not in limitation of the rights elsewhere provided in the Indenture, the Company shall be permitted and have the right to possess, use, operate and enjoy the Trust Estate, except cash, securities and other personal property deposited, or required to be deposited, with the Trustee and to, explore for, mine, extract, produce and dispose of coal, ore, gas, oil and other minerals or natural resources, to harvest standing timber and to collect, receive and use the rents, issues, profits, revenues and other income, products and proceeds of the Trust Estate or the operation of the property constituting part of the Trust Estate.

AND IT IS HEREBY COVENANTED AND DECLARED that the 2016 CoBank Note is to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the covenants, conditions and trusts set forth herein and in the Indenture, and the Company does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Obligations, as follows:

1. Establishment and Authentication of 2016 CoBank Note. There shall be created and established an Additional Obligation in the form of a promissory note to be known as and entitled

the "2016 CoBank Note," the form, terms and conditions of which shall be substantially as set forth in or prescribed pursuant to this Section and Section 2 hereof. The aggregate stated principal amount of the 2016 CoBank Note is limited to $45,600,000. The 2016 CoBank Note, when duly executed and issued by the Company and authenticated and delivered by the Trustee, will be entitled to the benefits of the Indenture equally and proportionately with all other Outstanding Debt Obligations.

The 2016 CoBank Note shall be dated the date of its authentication and shall be made payable to CoBank, as Holder. The 2016 CoBank Note shall mature on April 20, 2031. The 2016 CoBank Note shall bear interest (including interest accruing at a default rate) as provided in the Loan Agreement, and interest shall be calculated as specified in the Loan Agreement and shall be payable at the times provided therein. In the event any day on which any payment required to be made under the Loan Agreement or under the 2016 CoBank Note is not a "Business Day" (as defined in the Loan Agreement), then such payment shall be due and payable on the next Business Day (as defined in the Loan Agreement) subject to accrual of interest and fees for the period of such extension.

All payments, including prepayments, made on the 2016 CoBank Note shall be made and applied as provided in, and pursuant to the terms and conditions of, such 2016 CoBank Note and the Loan Agreement (and shall not be governed by the provisions of Article 15 of the Indenture), and shall be made in lawful money of the of the United States of America which will be immediately available on the date payment is due.

2. Form of the 2016 CoBank Note. The 2016 CoBank Note and the Trustee's certificate of authentication for the 2016 CoBank Note shall be substantially in the form attached to the Supplement (which form is set forth in the Officers' Certificate delivered to the Trustee in connection with the Company Request for execution of this Fifth Supplemental Indenture), with such appropriate insertions, omissions, substitutions and other variances as a required or permitted in the Indenture.

3. Supplemental Indenture. This Fifth Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Indenture, and shall form a part thereof, and the Indenture, as hereby supplemented, modified, and amended, is hereby confirmed. Except to the extent inconsistent with the express terms of this Fifth Supplemental Indenture and the 2016 CoBank Note, all of the provisions, terms, covenants and conditions of the Indenture shall be applicable to the 2016 CoBank Note to the same extent as if specifically set forth herein.

4. Successors and Assigns. Whenever in this Fifth Supplemental Indenture any of the parties hereto is named or referred to, this shall, subject to the provisions of Articles 10 and 12 of the Indenture, be deemed to include the successors and assigns of such party, and all the covenants and agreements contained in this Fifth Supplemental Indenture by or on behalf of the Company, or by or on behalf of the Trustee, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

5. Severability. Any provision of this Fifth Supplemental Indenture held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality

and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

6. Governing Law. This Fifth Supplemental Indenture shall be construed in accordance with and governed by the law of the State of Alaska.

7. Counterparts. This Fifth Supplemental Indenture may be executed in any number of counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

8. Execution Date. Although this Fifth Supplemental Indenture is dated for convenience and for the purpose of reference as of the date set forth in the first paragraph hereof, the actual date or dates of execution by the Company and by the Trustee are as indicated by their respective acknowledgments hereto annexed.

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

The mailing address of the Company, as debtor, is:

Chugach Electric Association, Inc.
5601 Electron Drive
Anchorage, Alaska 99519

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

U.S. Bank National Association
1420 Fifth Avenue, 7th Floor
Seattle, Washington 98101
Attention: Corporate Trust Services

Additionally, this Fifth Supplemental Indenture shall, if appropriate, be an amendment to the financing documents previously filed in connection with the Indenture. The Company is authorized to execute and file as appropriate instruments under the Uniform Commercial Code to either create a security interest or amend any security interest heretofore created.

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

CHUGACH ELECTRIC ASSOCIATION, INC.,
an Alaska electric cooperative

By: Sherri L. Highers
Name: Sherri L. Highers
Title: CFO

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

On this 16th day of June, 2016, before me, a Notary Public in and for the State of Alaska, personally appeared Sherri L. Highers, to me known to be the CFO of CHUGACH ELECTRIC ASSOCIATION, INC., the electric cooperative that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said electric cooperative for the uses and purposes therein mentioned and on oath stated that s/he was authorized to execute said instrument on behalf of said electric cooperative.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

THOMAS M. SCHULMAN NOTARY PUBLIC STATE OF ALASKA

Print name: Thomas M. Schulman
Notary Public in and for the State of Alaska,
residing at Anchorage
My commission expires: 10.10.2019

U.S. BANK NATIONAL ASSOCIATION,
a national banking association,
as Trustee

By: _____
Name: Thomas Trust
Title: Vice President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 16th day of June, 2016, before me, a Notary Public in and for the State of Washington, personally appeared Thomas Trust, to me known to be the Vice President of U.S. BANK NATIONAL ASSOCIATION, the national banking association that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said national banking association for the uses and purposes therein mentioned and on oath stated that s/he was authorized to execute said instrument on behalf of said national banking association.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

NICOLE DECAMP NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES 04-09-20

_____
Print name: Nicole DeCamp
Notary Public in and for the State of Washington, residing at Seattle
My commission expires: 4/9/20

Exhibit A
(Recording Information for Original Indenture)

Second Amended and Restated Indenture of Trust dated January 20, 2011 ("2011 Indenture"), was recorded January 20, 2011, under the following recording numbers:

Recording District	Recording Number
Anchorage	2011-003688-0
Kenai	2011-000608-0
Palmer	2011-001410-0
Seward	2011-000062-0

The 2011 Indenture was associated with a Trust Indenture dated as of September 15, 1991, and recorded September 25, 1991, under the following recording numbers:

Recording District	Recording Number
Anchorage	Book 2195, Page 178
Kenai	Book 663, Page 167
Palmer	Book 389, Page 637
Seward	Book 62, Page 351

The 2011 Indenture was amended by that First Supplemental Indenture of Trust dated as of January 20, 2011, which was recorded on January 20, 2011, in the districts of Anchorage, Kenai, Palmer and Seward, Alaska, under the following recording numbers:

Recording District	Recording Number
Anchorage	2011-003689-0
Kenai	2011-000609-0
Palmer	2011-001411-0
Seward	2011-000063-0

The 2011 Indenture was further amended by Second Supplemental Indenture of Trust dated as of September 30, 2011, which was recorded on October 10, 2011, in the districts of Anchorage, Kenai, Palmer and Seward, Alaska, under the following recording numbers:

Recording District	Recording Number
Anchorage	2011-048750-0
Kenai	2011-009565-0
Palmer	2011-019671-0
Seward	2011-001198-0

The 2011 Indenture was further amended by Third Supplemental Indenture of Trust dated as of January 5, 2012, which was recorded on January 10, 2012, in the districts of Anchorage, Kenai, Palmer and Seward, Alaska, under the following recording numbers:

Recording District	Recording Number
Anchorage	2012-001554-0
Kenai	2012-000310-0
Palmer	2012-000586-0
Seward	2012-000029-0

The 2011 Indenture was further amended by Fourth Supplemental Indenture of Trust dated as of February 3, 2015, which was recorded on Feburary 9, 2015, in the districts of Anchorage, Kenai, Palmer and Seward, Alaska, under the following recording numbers:

Recording District	Recording Number
Anchorage	2015-005159-0
Kenai	2015-000906-0
Palmer	2015-002154-0
Seward	2015-000090-0

Exhibit A to
Fifth Supplemental Indenture to Second Amended and Restated Indenture of Trust

EXECUTION VERSION
MLA No. 000976B

SECOND AMENDED AND RESTATED MASTER LOAN AGREEMENT

THIS SECOND AMENDED AND RESTATED MASTER LOAN AGREEMENT (this **"Agreement"**) is entered into as of June 30, 2016, (the **"Effective Date"**) between **CHUGACH ELECTRIC ASSOCIATION, INC.** (the **"Company"**) and **CoBANK, ACB** (**"CoBank"**).

BACKGROUND

CoBank and the Company are parties to an Amended and Restated Master Loan Agreement, dated as January 19, 2011 (MLA No. 000976A) (the **"Existing Master Loan Agreement"**). The parties now desire to amend and restate the Existing Master Loan Agreement in its entirety as set forth in this Agreement.

The Company and CoBank are parties to the Second Amended and Restated Supplement (to the Existing Master Loan Agreement) dated as of January 19, 2011 (ML0976T1B) (the **"Existing Supplement"**) pursuant to which CoBank extended credit to the Company evidenced by that certain Promissory Note in the original principal amount of $37,301,818.50, dated January 19, 2011 (Loan No. ML0976-T1B) (the **"Existing Promissory Note"**). There are no other supplements to the Existing Master Loan Agreement and no other instruments evidencing any existing loan by CoBank to the Company.

On and after the Effective Date hereof, the Existing Supplement and the Existing Promissory Note shall be governed by this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

ARTICLE 1

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Definitions. Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in Exhibit A hereto.

SECTION 1.02. Rules of Interpretation. The rules of interpretation set forth in Exhibit A shall apply to this Agreement.

ARTICLE 2

THE SUPPLEMENTS AND THE PROMISSORY NOTES

SECTION 2.01. The Promissory Notes and the Supplements.

(A) Amendment and Restatement of Existing Master Loan Agreement; Existing Promissory Note and Existing Supplement. On the Effective Date, the Existing Master Loan Agreement shall be amended and restated in its entirety as set forth in this

Agreement. On and after the Effective Date, the Existing Supplement and the Existing Promissory Note shall be governed by this Agreement.

(B) New Promissory Notes and New Supplements. If on or after the Effective Date, the Company would like to obtain one or more new Loans from CoBank to be governed by the terms of this Agreement, and CoBank is willing to make such new Loan or Loans to the Company, the parties will enter into one or more additional supplements to this Agreement (together with the Existing Supplement, each, a **"Supplement"** and collectively, the **"Supplements"**). Each such Supplement will set forth CoBank's commitment to make a loan or loans (each, a **"Loan"** and collectively, the **"Loans"**), the amount of the Loan(s), the purpose of the Loan(s), the interest rate or interest rate options applicable to the Loan(s), the Company's promise to repay the Loans, and any other terms and conditions applicable to the particular Loan(s). Each Loan will be governed by the terms and conditions set forth in this Agreement, in the Supplement and in the Promissory Note (as hereinafter defined in this Section 2.01(B)) relating to that Loan.

The Company's obligation to repay the Loans made under each Supplement shall be evidenced by a promissory note in form and content acceptable to CoBank: (such notes, together with the Existing Promissory Note, as they may be amended, modified, supplemented, extended, restated or replaced from time to time, collectively, the **"Promissory Notes,"** and each a **"Promissory Note"**). In the absence of a Supplement hereto and a Promissory Note duly executed by the Company, CoBank shall have no obligation to make any new Loan to the Company under this Agreement.

SECTION 2.02 Notice and Manner of Borrowing New Loans. Except as otherwise provided in a Supplement: (A) new Loans will be made available on any Business Day upon the written, telephonic or, if specified by separate agreement between the Company and CoBank, electronic request of an authorized employee of the Company (which telephonic request, if required by CoBank, shall be promptly confirmed in writing by the Company); (B) requests for new Loans must be received by 12:00 noon Mountain time on the date the Loan is to be made; and (C) Loans will be made available by wire transfer of immediately available funds to such account or accounts as may be authorized by the Company on forms supplied by CoBank.

SECTION 2.03. Method of Payment (All Loans). The Company shall make all payments to CoBank under this Agreement, each Supplement hereto and each Promissory Note by wire transfer of immediately available funds or, if specified by separate agreement between the Company and CoBank, by automated clearing house or other similar cash handling processes. Wire transfers shall be made to ABA No. 307088754 for advice to and credit of "CoBANK" (or to such other account as CoBank may direct by notice). The Company shall give CoBank telephonic notice no later than 12:00 noon Mountain time of its intent to pay by wire, and funds received after 3:00 p.m. Mountain time shall be credited on the next Business Day.

SECTION 2.04. Security. The Company's obligations hereunder and under each other Loan Document to which the Company is a party (whether executed prior hereto, contemporaneously herewith or at a later date) shall be secured by a statutory first priority Lien

on all stock and other equity which the Company may now own or hereafter acquire or be allocated in CoBank. The Existing Promissory Note is secured as a "Pre-Existing Obligation" under the Mortgage Indenture and each additional Promissory Note issued pursuant to this Agreement shall be authenticated under the Mortgage Indenture and secured as an "Additional Obligation" (as defined in the Mortgage Indenture).

SECTION 2.05. CoBank Books and Records. CoBank will keep a record of: (A) the date and amount of each Loan; (B) the interest rate elections and/or interest rates applicable to all Loans, and the effective dates of all changes thereto; (C) all fees and expenses due and payable to CoBank hereunder and under the other Loan Documents; and (D) the date and amount of all principal, interest, and fees paid by the Company to CoBank hereunder and under the other Loan Documents. To the extent permitted by applicable Law, such record (and all computer printouts thereof) shall be presumed correct absent manifest error as to the obligations of the Company therein recorded; *provided* that the failure of CoBank to maintain such record, or any error therein, shall not in any manner affect the obligation of the Company to repay (with applicable interest) any Loan hereunder in accordance with the terms of this Agreement and the other Loan Documents.

SECTION 2.06. Business Days. Notwithstanding the terms of this Agreement, the Mortgage Indenture, any Supplement, or any Promissory Note, if any date on which principal, interest, or fees is due and payable is not a Business Day, then such payment shall be due and payable on the next Business Day and, in the case of principal, interest shall continue to accrue on the amount thereof.

ARTICLE 3

CONDITIONS PRECEDENT

SECTION 3.01. Conditions Precedent to this Agreement. The effectiveness of this Agreement is subject to the following conditions precedent, which, in the case of instruments, certificates, opinions, and documents, must be in form and content acceptable to CoBank:

(A) This Agreement. CoBank shall have received a duly executed original copy of this Agreement.

(B) The Mortgage Indenture. CoBank shall have received a copy, certified by the Chief Executive Officer, the Chief Financial Officer or the Secretary of the Company as being true and complete as of the Effective Date, of the Mortgage Indenture, including all supplements thereto.

(C) Evidence of Authority. CoBank shall have received a copy, certified by the Chief Executive Officer, the Chief Financial Officer or the Secretary of the Company as of the Effective Date, of such board resolutions, evidence of incumbency, and other evidence as CoBank may require that this Agreement and all Loan Documents executed in connection herewith shall have been duly authorized, executed and delivered by the Company.

(D) Consents and Approvals. CoBank shall have received such evidence as CoBank may require that all consents and approvals referred to in Section 4.01(L) hereof have been obtained and are in full force and effect.

(E) Fees and Expenses. CoBank shall have received all fees or other charges provided for herein.

(G) Insurance. CoBank shall have received such evidence as CoBank may require that the Company is in compliance with Section 5.03 hereof (including the flood insurance requirements thereof) and the insurance requirements set forth in the Mortgage Indenture.

(H) Opinion of Counsel. CoBank shall have received a duly executed original copy of an opinion of counsel to the Company (acceptable to CoBank) with respect to this Agreement.

(I) Representations and Warranties. Each of the representations and warranties set forth in Section 4.01 hereof shall be true and correct and CoBank shall have received a duly executed original copy of a certificate of an officer of the Company (which, if other than the Chief Executive Officer or the Chief Financial Officer of the Company, must be acceptable to CoBank), dated the Effective Date, to such effect.

(J) No Default. No Default or Event of Default shall exist hereunder and CoBank shall have received a duly executed original copy of a certificate of an officer of the Company (which, if other than the Chief Executive Officer or the Chief Financial Officer of the Company, must be acceptable to CoBank), dated the Effective Date, to such effect.

SECTION 3.02. Conditions to Each Supplement. CoBank's obligation to make the initial Loan under each Supplement that evidences one or more new Loans to be made to the Company is subject to the following conditions precedent (which in the case of instruments, certificates, opinions, and documents, must be in form and content acceptable to CoBank):

(A) Supplement and Promissory Note. CoBank shall have received from the Company a duly executed original copy of the Supplement and the related Promissory Note and all Loan Documents required by such Supplement.

(B) Evidence of Authority. CoBank shall have received copies, certified by the Secretary of the Company as of the date of such Supplement, of such board resolutions, evidence of incumbency, and other evidence that CoBank may require that such Supplement and all Loan Documents and all Indenture Documents executed in connection therewith have been duly authorized, executed and delivered.

(C) Consents and Approvals. CoBank shall have received such evidence as CoBank may require that all consents and approvals referred to in Section 4.01(L) and 4.02(E) hereof have been obtained and are in full force and effect.

(D) Fees and Other Charges. CoBank shall have received from the Company any fees or other charges provided for herein or in such Supplement.

(E) Insurance. CoBank shall have received such evidence as CoBank may require that (1) the Company is in compliance with Section 5.03 hereof and (2) the Company has taken all actions required under the Flood Laws and/or reasonably requested by CoBank to assist in ensuring that CoBank is in compliance with the Flood Laws applicable to the properties constituting part of the Trust Estate.

(F) Opinion of Counsel. CoBank shall have received a duly executed original copy of an opinion of counsel to the Company (acceptable to CoBank) with respect to this Agreement, such Supplement, the Promissory Note and the Indenture Documents.

(G) Security. The execution and delivery by the Company and the Indenture Trustee of a Supplemental Indenture to the Mortgage Indenture providing for the issuance by the Company of the Promissory Note as an "Additional Obligation" (as defined in the Mortgage Indenture) secured by the Mortgage Indenture.

(H) Mortgage Indenture. All conditions precedent under the Mortgage Indenture to the issuance and authentication of the Promissory Note as an "Additional Obligation" (as defined in the Mortgage Indenture) by the Indenture Trustee in accordance with the terms of the Mortgage Indenture shall have been satisfied, the Promissory Note shall have been so authenticated and CoBank shall have received copies of all certificates, opinions and documents delivered to or by the Indenture Trustee in connection therewith, certified as true and complete copies by an officer of the Company (which, if other than the Chief Executive Officer or the Chief Financial Officer of the Company, must be acceptable to CoBank).

(I) Other Requirements. CoBank shall have received such other assurances, certificates, documents, consents or opinions as CoBank reasonably may require.

SECTION 3.03. Conditions to Each Loan. CoBank's obligation under each Supplement to make any new Loan to the Company thereunder, including the initial Loan thereunder, is subject to the conditions precedent that: (1) no Default or Event of Default shall have occurred and be continuing; (2) each of the representations and warranties of the Company contained in Section 4.02 hereof and in all other Loan Documents executed or furnished in connection with such Supplement shall be true and correct as of the date of such Loan; and (3) the Company shall have satisfied all conditions and requirements set forth in such Supplement.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. This Agreement. To induce CoBank to enter into this Agreement, the Company represents and warrants that:

(A) Organization. The Company: (1) is an electric cooperative duly organized, validly existing, and in good standing under the Laws of the State of Alaska; (2) has the power and authority to own its assets and to transact the business in which it is engaged or proposes to engage; and (3) is duly qualified to do business in, and is in good standing under the Laws of, each jurisdiction in which such qualification is required.

(B) Loan Documents. The Loan Documents and all Indenture Documents relating to any Loan: (1) have been duly authorized, executed and delivered by the Company and each other Person that is a party thereto (other than CoBank); and (2) create legal, valid and binding obligations of the Company and each other party thereto (other than CoBank) which are enforceable in accordance with their respective terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency or similar Laws affecting creditors' rights generally.

(C) Operation of Business. The Company possesses all licenses, certificates, permits, authorizations, approvals, franchises, patents, copyrights, trademarks, trade names, rights thereto, or the like which are material to the operation of its business or required by Law, and there is no violation by the Company of the rights of others with respect thereto which could have a Material Adverse Effect.

(D) Litigation. Except as disclosed on Part (D) of Schedule 4.01 hereto, there are no pending or threatened actions or proceedings against or affecting the Company before any court, governmental agency, mediator, arbitrator, or the like which could, in any one case or in the aggregate, if adversely decided, have a Material Adverse Effect.

(E) Ownership of Company and Subsidiaries. The Company: (1) is an electric generation, transmission and distribution cooperative which is owned by its customers; and (2) has no Subsidiaries.

(F) Financial Statements. The balance sheet of the Company as at December 31, 2015, and the related statement of operations, statement of changes in equities and margins and statement of cash flows of the Company for the fiscal year then ended, and the accompanying notes and schedules, together with the opinion thereon, dated March 23, 2016, of KPMG LLP, the Company's independent certified public accountants, copies of which have been furnished to CoBank, are complete and correct and fairly present the financial condition of the Company as at such dates and the results of the operations of the Company for the periods covered by such statements, all in accordance with GAAP consistently applied. Since December 31, 2015, there has been no material adverse change in the condition (financial or otherwise), business or operations of the Company. There are no liabilities of the Company, fixed or contingent, which are material but not reflected in the financial statements or in the notes thereto.

(G) Ownership and Liens. The Company has such title to, or valid leasehold interests in, all of its properties, real and personal, including the property and leasehold interests reflected in the balance sheets referred to above (other than any property disposed of in the ordinary course of business), as is necessary to carry on its business and conduct its activities as they are currently conducted (subject to any irregularity or deficiency in the record evidence of title which does not substantially impair the usefulness of such property for the purposes of the Company), and none of the properties or leasehold interests of the Company comprising the Trust Estate is subject to any Lien except such as is permitted pursuant to Section 6.01.

(H) Compliance with Law. Except as disclosed on Part (H) of Schedule 4.01 hereto, all of the properties owned by the Company and all of its operations, are in compliance in all material respects with all Laws (including all Laws relating to the environment and those Laws

referred to in Section 6.10 hereof) which, if not complied with, could have a Material Adverse Effect.

(I) Environment. Except as disclosed on Part (I) of Schedule 4.01: (1) no property owned or leased by the Company is being used, or to its knowledge, has been used for the disposal, treatment, storage, processing or handling of hazardous waste or materials (as defined under any applicable environmental Law) in violation of any applicable Law; (2) no investigation, claim, litigation, proceedings, order, judgment, decree, settlement, Lien or the like with respect to any environmental matter is proposed, threatened, anticipated or in existence with respect to the properties or operations of the Company which could have a Material Adverse Effect; and (3) the Company is not aware of any environmental contamination or condition that currently exists on any property of the Company which, if required to be remedied, could have a Material Adverse Effect.

(J) ERISA. The Company is in compliance with all requirements of ERISA, and no suit, claim or other proceeding exists or is threatened alleging any violation of ERISA.

(K) Conflicting Agreements. None of the Loan Documents or Indenture Documents conflicts with, or constitutes (with or without the giving of notice and/or the passage of time and/or the occurrence of any other condition) a default under, any other agreement to which the Company is or expects to become a party or by which the Company or any of its properties may be bound or affected, or conflicts with any provision of the bylaws, articles of incorporation, or other organizational documents of the Company.

(L) Consents and Approvals. Except for such as shall have been obtained and are in full force and effect, and except to the extent that future rate increases may be subject to the approval of the appropriate regulatory agency, no consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Company is a party or by which it or any of its property may be bound or affected, is necessary in connection with the execution, delivery, performance or enforcement of the Loan Documents and the Indenture Documents.

(M) Compliance and No Default. The Company is in compliance with all of the terms of the Loan Documents and the Indenture Documents and no Default or Event of Default exists.

SECTION 4.02. Each Supplement. The execution by the Company of each Supplement hereto shall constitute a representation and warranty that, except as otherwise provided in the application furnished in connection with such Supplement:

(A) Reaffirmation. Each of the representations and warranties set forth in Section 4.01 hereof is true and correct as of the date of such Supplement, except that (1) the references to the financial statements in Section 4.01(F) hereof, and all references in Section 4.01(G) hereof to such statements, shall be deemed to be to the latest annual financial statements furnished to CoBank under Section 5.06(A) and, if more recent than the latest annual financial statements, shall also include each set of quarterly financial statements thereafter furnished to CoBank under Section 5.06(B) hereof, and (2) the date referred to in the penultimate sentence of

Section 4.01(F) hereof shall be deemed to be the date of the latest annual financial statements furnished to CoBank under Section 5.06(A).

(B) Compliance. The Company is in compliance with all of the terms of the Loan Documents (including, without limitation, Sections 5.06(D) and (F) hereof) and the Indenture Documents, and no Default or Event of Default exists.

(C) Applications, Officer's Certificate. Each representation and warranty and all information set forth in any application or officer's certificate submitted in connection with, or to induce CoBank to enter into, such Supplement is correct in all material respects as of the date of such Supplement.

(D) Budgets. All budgets, projections, feasibility studies, and other documentation submitted by the Company to CoBank in connection with, or to induce CoBank to enter into, such Supplement are based upon assumptions that are reasonable, and as of the date of such Supplement, no fact has come to light, and no event has occurred, which would cause any material assumption made therein to not be reasonable; *provided* that CoBank acknowledges that that the fact that the Company's acquisition of interests in the Beluga River Unit was not anticipated at the time Chugach prepared the budgets and projections delivered to CoBank prior to the Effective Date shall not constitute a breach of the representation contained in this paragraph.

(E) Authorizations. Except for such as shall have been obtained and are in full force and effect, no consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Company is a party or by which it or any of its property may be bound or affected, is necessary in connection with: (1) execution, delivery, performance or enforcement of the Loan Documents or the Indenture Documents; or (2) the project, acquisition, or other activity being financed by Loan(s) under such Supplement, except for consents, permissions, authorizations, orders and licenses that: (i) are not required to be obtained at the time of the Company's execution of such Supplement; and (ii) can be obtained in the ordinary course of business.

ARTICLE 5

AFFIRMATIVE COVENANTS

Unless otherwise agreed to in writing by CoBank, while this Agreement is in effect, the Company agrees to:

SECTION 5.01. Maintenance of Existence. Preserve and maintain its existence and good standing in the jurisdiction of its formation, qualify and remain qualified to transact business in all jurisdictions where such qualification is required, and obtain and maintain all licenses, permits, franchises, patents, copyrights, trademarks, tradenames, or rights thereto which are material to the conduct of its business or required by Law.

SECTION 5.02. Compliance with Laws. Without limiting the requirements of Section 6.10 hereof, comply in all material respects with all applicable Laws (including all Laws relating to the environment), which, if not complied with, could have a Material Adverse Effect.

In addition, the Company agrees to use reasonable efforts to cause all Persons occupying or present on any of its properties that the Company knows or should know is in violation of any Laws to comply in all material respects with all such Laws.

SECTION 5.03. Insurance. Maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same business and similarly situated and, to the extent required under the Flood Laws, obtain and maintain flood insurance for such structures and contents comprising the Trust Estate that are located in a flood hazard zone, in such amounts as similar structures and contents are insured by companies operating similar properties in similar circumstances and carrying on similar businesses and otherwise reasonably satisfactory to CoBank. All such policies insuring any portion of the Trust Estate shall have lender or mortgagee loss payable clauses or endorsements in favor of the Indenture Trustee in form and content, and as otherwise required by, the Mortgage Indenture. The Company agrees to furnish to CoBank such proof of compliance with this Section as CoBank may from time-to-time reasonably require.

SECTION 5.04. Property Maintenance. Maintain all of its properties that are necessary to or useful in the proper conduct of its business in good repair, working order and condition, ordinary wear and tear excepted, and make all alterations, replacements and improvements thereto as may from time to time be necessary in order to ensure that its properties remain in good working order and condition.

SECTION 5.05. Books and Records. Keep adequate records and books of account in which complete entries will be made in accordance with GAAP.

SECTION 5.06. Reports and Notices. Furnish to CoBank:

(A) Annual Financial Statements. As soon as available, but in no event more than 120 days after the end of each fiscal year of the Company occurring during the term hereof, annual financial statements of the Company prepared in accordance with GAAP consistently applied. Such financial statements shall: (1) be audited by a nationally recognized firm of independent certified public accountants selected by the Company; (2) be accompanied by a report of such accountants containing an opinion thereon (without a "going concern" or similar qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based that would result in such opinion being qualified) to the effect that the financial statements: (i) were audited in accordance with the standards of the Public Company Accounting Oversight Board (United States); and (ii) present fairly, in all material respects, the financial position of the Company as at the end of the year and the results of its operations for the year then ended, in conformity with GAAP; (3) be prepared in reasonable detail and in comparative form; and (4) include a balance sheet, a statement of operations, a statement of changes in equities and margins and a statement of cash flows, and all notes and schedules relating thereto.

(B) Interim Financial Statements. If requested by CoBank, as soon as available, but in no event more than 60 days after the end of each fiscal quarter of the Company occurring during the term hereof, a balance sheet as of the end of such quarter, a statement of

operations, a statement of changes in equities and margins and a statement of cash flows for the Company for such period and for the period year to date, and such other interim statements as CoBank may specifically request, all prepared in reasonable detail and in comparative form in accordance with GAAP consistently applied.

(C) Officer's Certificate. Together with each set of financial statements delivered to CoBank pursuant to Subsection (A) of this Section 5.06, a certificate of an officer of the Company acceptable to CoBank: (1) computing the financial covenant set forth in Article 7 hereof; and (2) certifying that, to the best knowledge of such officer, no Default or Event of Default occurred during the period covered by such statements or, if a Default or Event of Default did occur during such period, a statement as to the nature thereof, whether such Default or Event of Default is continuing, and, if continuing, the action which is proposed to be taken with respect thereto.

(D) Notice of Litigation. Promptly after becoming aware thereof, notice of: (1) the commencement of any action, suit or proceeding before any court, governmental instrumentality, arbitrator, mediator or the like which, if adversely decided, could have a Material Adverse Effect; (2) the receipt of any notice, indictment, pleading, or other communication alleging a condition that: (i) may require the Company to undertake or to contribute to a clean-up or other response under any environmental Law, or which seeks penalties, damages, injunctive relief, criminal sanctions or other relief as a result of an alleged violation of any such Law, or which claims personal injury or property damage as a result of environmental factors or conditions; and (ii) if true or proven, could have a Material Adverse Effect; and (iii) the rendering of any order, judgment, ruling and the like which could have a Material Adverse Effect.

(E) Notice of Default. Promptly after becoming aware thereof, notice of the occurrence of a Default or an Event of Default.

(F) Default Notices. Promptly after furnishing or receiving same, a copy of all notices of default (including notices of the occurrence of an event which, with the giving of notice and/or the passage of time and/or the occurrence of any other condition, would become a default) furnished by or to the Company under the Indenture Documents, any loan or other credit agreement relating to any Obligation, or any other loan or credit agreement evidencing Funded Debt.

(G) Ratings. Promptly after obtaining same, a copy of all Credit Ratings issued by a Rating Agency.

(H) Notice of Certain Events. Notice of each of the following at least 60 days prior thereto: (1) any change in the Company's name, structure, jurisdiction of organization, or organizational identification number (if any); or (2) any change in the principal place of business of the Company or the office where its records concerning its accounts are kept.

(I) Other Notices. Such other notices as may be required by any Supplement or any other Loan Document.

(J) **Other Information.** Such other information regarding the condition or operations, financial or otherwise, of the Company as CoBank may from time to time reasonably request, including, but not limited to, copies of all pleadings, notices and communications referred to in Section 5.06(D) hereof.

SECTION 5.07. Conduct of Business. Continue to engage in the business conducted by it on the date of this Agreement.

SECTION 5.08. Capital. Acquire equity in CoBank in such amounts and at such times as CoBank may from time to time require in accordance with its Bylaws and Capital Plan (as each may be amended from time to time), except that the maximum amount of equity that the Company may be required to purchase in connection with a Loan may not exceed the maximum amount permitted by the Bylaws at the time the Supplement relating to such Loan is entered into or such Loan is renewed or refinanced by CoBank. The rights and obligations of the parties with respect to such equity and any patronage or other distributions made by CoBank shall be governed by CoBank's Bylaws and Capital Plan (as each may be amended from time to time).

SECTION 5.09. Inspection. Permit CoBank or its agents, upon reasonable notice and during normal business hours or at such other times as the parties may agree, to examine the properties, books and records of the Company, and to discuss its or their affairs, finances and accounts with its or their officers, directors, employees, and independent certified public accountants.

ARTICLE 6

NEGATIVE COVENANTS

While this Agreement is in effect, the Company will not, without the prior written consent of CoBank (which consent will not be unreasonably withheld or delayed):

SECTION 6.01. Liens. Create, incur, assume, or suffer to exist any Lien on any of its properties comprising the Trust Estate, except:

(A) Liens in favor of CoBank;

(B) Liens granted pursuant to the Mortgage Indenture; and

(C) Liens on any of its property that meet the definition of "Permitted Encumbrances" (as defined in the Mortgage Indenture) or are permitted by Section 14.6 of the Mortgage Indenture.

SECTION 6.02. Sale, Transfer or Lease of Assets. Sell, lease or otherwise dispose of any of its assets if such sale, lease or other disposition is prohibited by the Mortgage Indenture.

SECTION 6.03. Distributions. Directly or indirectly declare or pay any dividend or make any payments of, distributions of, or retirements of patronage capital to its members (each a **"Distribution"**) if, at the time thereof or after giving effect thereto, (A) an Event of

Default shall exist, or (B) the Company's equities and margins (determined in accordance with Accounting Requirements) as of the end of the Company's most recent fiscal quarter would be less than thirty percent (30%) of the Company's total long-term debt and equities and margins (determined in accordance with Accounting Requirements) at such time; *provided, however*, that, so long as no Event of Default exists, the Company may, in any fiscal year, make a Distribution of up to the lesser of ((1) five percent (5%) of the Company's aggregate equities and margins on the books of the Company as of the end of the immediately preceding fiscal year or (2) fifty percent (50%) of the prior fiscal year's assignable margins (determined in accordance with the definition of Margins for Interest set forth in the Mortgage Indenture), whether or not allocated to members. For purposes of this Section 6.03, determination of aggregate margins and equities and total long-term debt and equities shall not include any amount on account of earnings retained in any Subsidiary or Affiliate of the Company and any such determination of total long-term debt and equities shall exclude the debt of any Subsidiary or Affiliate.

SECTION 6.04. Contingent Liabilities. Assume, guarantee, endorse, or otherwise be or become directly or contingently responsible or liable for the obligations of any Person (including by means of an agreement to: (A) purchase any obligation, stock, assets, or services; (B) supply or advance any funds, assets, or services; or (C) cause any Person to maintain a minimum working capital or net worth or other financial test), except by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, if the Company would be in violation of this Agreement (including all financial covenants set forth herein) if such obligations were treated as direct obligations of the Company.

SECTION 6.05. Mergers. Consolidate with or merge into any other Person or transfer all or substantially all of its properties and assets to any Person in a manner that would violate Article 12 of the Mortgage Indenture.

SECTION 6.06. Change in Business. Make capital expenditures for assets primarily devoted to any business activities or operations substantially different from or unrelated to its present business activities or operations, where such expenditures exceed $5,000,000 in any calendar year or result in a book value for such assets that exceeds $5,000,000 at any one time.

SECTION 6.07. Subsidiaries. Commence operations under any other name, or make capital contributions to any Subsidiaries or Affiliates, where such contributions exceed $5,000,000 in any calendar year or result in an aggregate book value for the Company's interest in such Subsidiaries or Affiliates that exceeds $5,000,000 at any one time; *provided, however*, that the Company's participation in the formation of a transmission company or independent service operator to own or operate transmission facilities (including transmission facilities owned by the Company) and/or dispatch generation resources (including generation resources owned by the Company) in the Alaska Railbelt shall not be a violation of this covenant if such activities do not constitute a violation of the Mortgage Indenture.

SECTION 6.08. Prepayment or Defeasance. While any Default of Event of Default shall have occurred and be continuing, prepay or defease any Obligation or any other Funded Debt.

SECTION 6.09. Indenture Requirements.

(A) Elect pursuant to the Mortgage Indenture, to apply Accounting Requirements other than those in effect as of the date of execution and delivery of the Mortgage Indenture.

(B) Enter into a Supplemental Indenture pursuant to the Mortgage Indenture permitting the creation of any lien ranking prior to or on parity with the Mortgage Indenture with respect to any of the Trust Estate (other than Permitted Encumbrances, as defined in the Mortgage Indenture as in effect on the date of this Agreement).

SECTION 6.10. Use of Proceeds. Use the proceeds of any Loan, or lend, contribute or otherwise make available such proceeds to any Person, in violation of (A) sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control or other applicable sanctions authority (collectively, **"Sanctions"**) or in any other manner that will result in a violation by CoBank of Sanctions, (B) the money laundering statutes of all applicable jurisdictions where the Company and its Subsidiaries, if any, conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any Governmental Authority, or (C) the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, or any other applicable corruption legislation.

SECTION 6.11. Status. Cease to be an Alaskan electric cooperative.

ARTICLE 7

FINANCIAL COVENANT

SECTION 7.01. Rate Covenant. Unless otherwise agreed to in writing by CoBank, while this Agreement is in effect, the Company shall establish and collect rates, rents, charges, fees and other compensation (collectively, **"Rates"**) for the use or the sale of the output, capacity or service of the properties of the System that: (1) together with other moneys available to the Company, produce moneys sufficient to enable the Company to comply with all its covenants under the Indenture Documents; and (2) are reasonably expected to yield Margins For Interest for each fiscal year of the Company equal to at least 1.10 times Interest Charges for such period.

ARTICLE 8

EVENTS OF DEFAULT

SECTION 8.01. Events of Default. Each of the following shall constitute an "Event of Default" hereunder:

(A) Payment Default. The Company should fail to make when due any payment to CoBank hereunder, under any Promissory Note, under any Supplement, or under any other Loan Document.

(B) Representations and Warranties. Any opinion, certificate or like document furnished to CoBank by or on behalf of the Company, or any representation or warranty made by the Company herein or in any other Loan Document, shall prove to have been false or misleading in any material respect on or as of the date furnished or made.

(C) Covenants. The Company should fail to perform or comply with any covenant set forth in Article 5 hereof (other than Sections 5.01, 5.06(E) or Section 6.10 hereof) or any other covenant or agreement contained herein, in any Supplement or in any other Loan Document, and such failure continues for 30 days after written notice thereof shall have been delivered to the Company by CoBank.

(D) Other Covenants and Agreements. The Company should fail to perform or comply with Sections 5.01 or 5.06(E) hereof or shall use the proceeds of any Loan for any unauthorized purpose or in violation of Section 6.10.

(E) Cross Default. The Company should, after any applicable grace period, breach or be in default under the terms of any other Loan Document or other agreement with CoBank.

(F) Other Indebtedness. The Company's obligation to repay any Funded Debt shall be accelerated or declared due and payable prior to its scheduled due date as a result of the occurrence of any breach or default under any agreement relating to such indebtedness or obligation. Notwithstanding the foregoing or any other provision hereof, the Company agrees that upon the occurrence and during the continuance of any event giving rise to the right to accelerate such indebtedness or obligation (whether or not such right is conditioned upon the giving of notice and/or the passage of time and/or the occurrence of any other condition), a Default shall be deemed to have occurred and be continuing hereunder.

(G) Insolvency. The Company shall: (1) become insolvent or shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or (2) suspend its business operations or a material part thereof; or (3) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property; or (4) have entered against it (i) a decree or order for relief in respect of the Company in an involuntary case under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or (ii) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or state law, or appointing a custodian, received, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any material part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of sixty (60) consecutive days; or (5) make an assignment for the benefit of creditors or commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction.

(H) Indenture Default. An "Event of Default" (as defined in the Mortgage Indenture) shall exist, or the Existing Promissory Note or any additional Promissory Note

evidencing any Loan or portion thereof hereafter made hereunder shall cease to be secured under the Mortgage Indenture.

ARTICLE 9

REMEDIES UPON DEFAULT

SECTION 9.01. Remedies. Upon the occurrence and during the continuance of a Default or Event of Default, CoBank shall have no obligation to make any Loan to the Company and may discontinue doing so at any time without prior notice. In addition, upon the occurrence and during the continuance of an Event of Default, CoBank may, upon notice to the Company:

(A) Termination and Acceleration. Terminate any commitment and as and to the extent provided in the Indenture Documents, declare the unpaid principal balance of the Loans, all accrued interest thereon, and all other amounts payable under this Agreement, the Supplements, the Promissory Notes, and all other Loan Documents to be immediately due and payable; *provided, however*, that upon the occurrence of an Event of Default under Section 8.01(G), any commitments shall automatically be terminated. Upon such a declaration, the unpaid principal balance of the Loans and all such other amounts shall become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by the Company.

(B) Enforcement. Proceed to protect, exercise, and enforce such rights and remedies as may be provided by this Agreement, any other Loan Document, the Indenture Documents or under Law. Each and every one of such rights and remedies shall be cumulative and may be exercised from time to time, and no failure on the part of CoBank to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof, and no single or partial exercise of any right or remedy shall preclude any future or other exercise thereof, or the exercise of any other right. Without limiting the foregoing, CoBank may hold and/or set off and apply against the Company's obligations to CoBank the proceeds of any equity in CoBank, any cash collateral held by CoBank, or any other balances held by CoBank for the Company's account (whether or not such balances are then due).

(C) Application of Funds. Apply all payments received by it to the Company's obligations to CoBank in such order and manner as CoBank may elect in its sole discretion.

In addition to the rights and remedies set forth above and notwithstanding the terms of any Supplement or Promissory Note, if the Company fails to make any payment required to be made under the terms of this Agreement, any Supplement hereto or any Promissory Note when due, then at CoBank's option in each instance (and automatically following an acceleration), such payment shall bear interest from the date due to the date such amount is paid in full at the Default Rate. All such interest, together with all overdue amounts, shall be payable on demand.

ARTICLE 10

MISCELLANEOUS

SECTION 10.01. Broken Funding Surcharge; Make-Whole Amount. Notwithstanding any provision contained in any Supplement or any Promissory Note giving the Company the right to prepay all or any portion of a Loan then accruing interest at a fixed rate prior to the date it would otherwise be due and payable, or to convert any fixed rate balance to another fixed rate or to a variable rate prior to the last day of the fixed rate period applicable thereto, the Company agrees that (unless otherwise expressly provided in the applicable Supplement) (a) in the event it converts any fixed rate balance prior to the last day of its fixed rate period or prepays (or becomes obligated to repay) any fixed rate balance prior to the last day of its fixed rate period (whether such payment is made voluntarily, as a result of an acceleration, or otherwise), it will pay to CoBank an amount equal to the Make-Whole Amount or (b) in the event it fails to borrow any fixed rate balance on the date scheduled therefor, it will pay to CoBank an amount equal to the Broken Funding Surcharge.

The term **"Broken Funding Surcharge"** shall mean, an amount equal to the present value of the sum of: (a) all losses and expenses incurred by CoBank in retiring, liquidating, or reallocating any debt, obligation, or cost incurred or allocated by CoBank to fund or hedge a fixed rate balance; plus (b) one half of one percent (0.5%) of such fixed rate balance for the period such amount was scheduled to have been outstanding at a fixed rate.

The term "**Make-Whole Amount**" shall mean, with respect to all or any portion of a Loan accruing interest at a fixed rate, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Loan over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" shall mean, with respect to all or any portion of a Loan accruing interest at a fixed rate, the principal portion thereof that is to be repaid prior to the date it would otherwise be due and payable, or is to be converted to another fixed rate or to a variable rate prior to the last day of the fixed rate period applicable thereto or has become or is declared to be immediately due and payable pursuant to Section 9.01(A), as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Loan, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Called Principal is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" shall mean, with respect to the Called Principal of any Loan, the sum of (a) 0.50% plus (b) the yield to maturity implied by the "Ask Yield(s)" reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (**"Reported"**) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average

Life, then such implied yield to maturity will be determined by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between the "Ask Yields" Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as are then used in the interest rate for such Called Principal.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then "Reinvestment Yield" shall mean, with respect to the Called Principal of any Loan, the sum of (x) 0.50% plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as are then used in the interest rate for such Called Principal.

"Remaining Average Life" shall mean, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" shall mean, with respect to the Called Principal of any Loan, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made in respect of such Called Principal, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to the applicable Supplement or Section 9.01(A).

"Settlement Date" shall mean, with respect to the Called Principal of all or any portion of a Loan accruing interest at a fixed rate, the date on which such Called Principal is to be prepaid pursuant to applicable Supplement or has become or is declared to be immediately due and payable pursuant to Section 9.01(A), as the context requires.

SECTION 10.02. Complete Agreement, Amendments. The Loan Documents are intended by the parties to be a complete and final expression of their agreement. No amendment,

modification, or waiver of any provision of the Loan Documents, and no consent to any departure by the Company herefrom or therefrom, shall be effective unless approved by CoBank and contained in a writing signed by or on behalf of CoBank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In the event this Agreement is amended or restated, each such amendment or restatement shall be applicable to all Promissory Notes and Supplements hereto. Each Promissory Note and each Supplement shall be deemed to incorporate all of the terms and conditions of this Agreement as if fully set forth therein.

SECTION 10.03. Applicable Law, Jurisdiction. Except to the extent governed by applicable federal Law, this Agreement and each Supplement shall be governed by the Laws of the State of Colorado, without reference to choice of law doctrine. Except to the extent governed by applicable federal Law, each Promissory Note shall be governed by the Laws of the State of Alaska, without reference to choice of law doctrine. The parties agree to submit to the non-exclusive jurisdiction of any federal or state court sitting in Colorado for any action or proceeding arising out of or relating to this Agreement or any other Loan Document. The Company hereby waives any objection that it may have to any such action or proceeding on the basis of forum non-conveniens.

SECTION 10.04. Notices. All notices hereunder shall be in writing and shall be deemed to have been duly given upon delivery if personally delivered or sent by overnight mail or by facsimile or similar transmission, or three (3) days after mailing if sent by express, certified or registered mail, to the parties at the following addresses (or such other address as either party may specify by like notice):

If to CoBank, as follows:

CoBank, ACB
6340 South Fiddlers Green Circle
Greenwood Village, Colorado 80111
Facsimile: (303) 740-4002
Attention: Energy Banking Group

If to the Company, as follows:

Chugach Electric Association, Inc.
5601 Electron Drive
Post Office Box 196300
Anchorage, AK 99519-6300
Facsimile: (907) 762-4514
Attention: Chief Executive Officer

SECTION 10.05. Costs, Expenses, and Taxes. To the extent allowed by Law, the Company agrees to pay all reasonable out-of-pocket costs and expenses (including the fees and expenses of counsel retained by CoBank) incurred by CoBank in connection with the origination, administration, interpretation, collection, and enforcement of this Agreement and the other Loan Documents and Indenture Documents, including, without limitation, all costs and expenses incurred in perfecting, maintaining, determining the priority of, and releasing any security for the Company's obligations to CoBank, and any stamp, intangible, transfer or like tax incurred in connection with this Agreement or any other Loan Document or Indenture Document or the recording hereof or thereof.

SECTION 10.06. Effectiveness and Severability. This Agreement shall continue in effect until: (A) all indebtedness and obligations of the Company with respect to all Loans by CoBank under this Agreement and the other Loan Documents and Indenture Documents shall

have been paid or satisfied; (B) CoBank has no commitment to extend credit to or for the account of the Company under any Promissory Note or any Supplement; (C) all Promissory Notes and all Supplements shall have been terminated; and (D) either party sends written notice to the other party terminating this Agreement. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof.

SECTION 10.07. Successors and Assigns. This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the Company and CoBank and their respective successors and assigns, except that the Company may not assign or transfer its rights or obligations under this Agreement or the other Loan Documents or Indenture Documents without the prior written consent of CoBank.

SECTION 10.08. Participations, Etc. From time to time, CoBank may sell to one or more banks, financial institutions or other lenders a participation in one or more of the Loans made pursuant to this Agreement. However, no such participation shall relieve CoBank of any commitment made to the Company hereunder. In connection with the foregoing, CoBank may disclose information concerning the Company and its Subsidiaries to any participant or prospective participant, *provided* that such participant or prospective participant agrees to keep such information confidential. A sale of a participation interest may include certain voting rights of the participants regarding the Loans hereunder (including without limitation the administration, servicing and enforcement thereof). CoBank agrees to give written notification to the Company of any sale of a participation interest, which notice shall describe the identity of the purchasing participant and the Loan(s) and portions thereof sold.

SECTION 10.09. Headings. Captions and headings used in this Agreement are for reference and convenience of the parties only, and shall not constitute a part of this Agreement.

SECTION 10.10. Limitations of Agreement. Notwithstanding anything to the contrary contained herein, nothing in this Agreement requires the Company to cause any obligations of the Company to CoBank, other than the Existing Promissory Note and additional Promissory Notes evidencing Loans hereunder, to be secured as either "Pre-Existing Obligations" or "Additional Obligations" (as such terms are defined in the Mortgage Indenture) under the Mortgage Indenture. Except as may be expressly provided for by the Mortgage Indenture or by Section 6.09(B) hereof, CoBank's consent shall not be required for the issuance of any "Additional Obligations" (as defined in the Mortgage Indenture) under the Mortgage Indenture.

SECTION 10.11. Relationship to Unsecured Credit Facility. CoBank is also a participating lender under that Credit Agreement dated as of June 13, 2016, among the Company, the parties named as lenders therein (including CoBank) and the National Rural Utilities Cooperative Finance Corporation, as administrative agent for such lenders (as the same may be amended, the **"CP Backstop Credit Agreement"**), pursuant to which the lenders named in the CP Backstop Credit Agreement, including CoBank, may make certain loans to Chugach in the amounts and for the purposes described in the CP Backstop Credit Agreement (the **"CP Backstop Loans"**). The Company's obligation to repay advances, if any, made by CoBank under the CP Backstop Credit Agreement are evidenced by a Note dated June 13, 2016, from the

Company to CoBank in the face amount of $35,000,000 (together with the CP Backstop Credit Agreement and all other "Loan Documents" (as that term is defined in the CP Backstop Credit Agreement), the **"CP Backstop Loan Documents"**). All terms and conditions relating to the CP Backstop Loans are set forth in, and shall be governed solely by, the provisions of the CP Backstop Loan Documents. No CP Backstop Loans will be deemed to have been issued under, or to be subject to any terms or conditions set forth in, the Loan Documents or the Indenture Documents.

ARTICLE 11

PREPAYMENT UPON CHANGE IN STATUS

SECTION 11.01 Prepayment of Loans upon Change in Status.

(A) Notice of Change in Status. The Company will, no later than five days after the occurrence of any Change in Status, give written notice of such Change in Status to CoBank. Such notice shall contain and constitute an offer to prepay all of the Loans then outstanding as described in Section 11.01(D) and shall be accompanied by the certificate described in Section 11.01(E).

(B) Offer to Prepay; Time for Payment. The offer to prepay the Loans contemplated by Section 11.0(A) shall be an offer to prepay, in accordance with and subject to this Section 11.01, all, but not less than all, of the Loans then outstanding on a date specified in such offer (the "**Proposed Prepayment Date**"). The Proposed Prepayment Date shall be a Business Day not less than 60 days and not more than 90 days after the date of the notice contemplated by Section 11.01(A).

(C) Acceptance; Rejection. CoBank may accept or reject the offer to prepay made pursuant to this Section 11.01 by causing a notice of such acceptance or rejection to be delivered to the Company at least 30 days prior to the Proposed Prepayment Date. A failure by CoBank to respond to an offer to prepay made pursuant to this Section 11.01 within such time period shall be deemed to constitute a rejection of such offer by CoBank.

(D) Prepayment. Prepayment of the Loans to be prepaid pursuant to this Section 11.01 shall be at 100% of the principal amount thereof then outstanding, together with the Make-Whole Amount, if any, in the case of Loans or any portions thereof accruing interest at a fixed rate, all unpaid interest thereon accrued to the Proposed Prepayment Date and all other amounts then due and payable as provided for in the applicable Supplement. The prepayment shall be made on the Proposed Prepayment Date.

(E) Officer's Certificate. The offer to prepay Loans pursuant to this Section 11.01 shall be accompanied by a certificate, executed by the Chief Executive Officer or the Chief Financial Officer of the Company and dated the date of such offer, specifying: (1) the Proposed Prepayment Date, (2) that such offer is made pursuant to this Section 11.01 and the failure by CoBank to respond to such offer by the deadline established in Section 11.01(C) shall result in such offer being deemed rejected and (3) the date the Change in Status occurred.

(F) Change in Status. "Change in Status" means the Company ceasing to be an Alaskan electric cooperative.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties have caused this Second Amended and Restated Master Loan Agreement to be executed by their duly authorized officers as of the date shown above

CoBANK, ACB	CHUGACH ELECTRIC ASSOCIATION, INC.
By _____	By Sherri K Highers
Title: _____	Title: CFO

IN WITNESS WHEREOF, the parties have caused this Second Amended and Restated Master Loan Agreement to be executed by their duly authorized officers as of the date shown above

CoBANK, ACB	CHUGACH ELECTRIC ASSOCIATION, INC.
By 	By _____
Name: Jake Good	Name: _____
Title: Vice President	Title: _____

EXHIBIT A

DEFINITIONS AND RULES OF INTERPRETATION

SECTION 1.01 Definitions.

(A) Indenture Terms. As used in this Agreement, the terms "Accounting Requirements", "Interest Charges", "Margins For Interest", "Obligations", "Supplemental Indenture", "System" and "Trust Estate" shall have the meanings set forth in the Mortgage Indenture.

(B) Other Defined Terms. As used in this Agreement, any amendment thereto, or in any Supplement or any Promissory Note, the following terms shall have the following meanings:

Affiliate shall mean any Person, 5% or more of the voting stock or other voting rights in which is owned or controlled by the Company.

Agreement shall mean this Second Amended and Restated Master Loan Agreement, dated as of June 30, 2016, between the Company and CoBank, as it may be amended or modified from time to time.

Business Day means any day other than a Saturday, Sunday, or other day on which CoBank or any Federal Reserve Bank is closed for business.

Capital Lease Obligations of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

CoBank shall mean CoBank, ACB and its successors and assigns.

Company shall mean Chugach Electric Association, Inc. and its permitted successors and assigns.

CP Backstop Credit Agreement, CP Backstop Loan Documents and **CP Backstop Loans** shall have the meanings set forth in Section 10.11 of this Agreement.

Credit Ratings shall mean a rating assigned by a Rating Agency to any Debt of the Company.

Debt of any Person means, without duplication, (A) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (B) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (C) all obligations of such Person upon which interest charges are customarily paid, (D) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (E) all obligations of such Person in respect of the deferred purchase price of property or

services (excluding current accounts payable incurred in the ordinary course of business), (F) all Indebtedness of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (G) all Guarantees by such Person of Debt of others, (H) all Capital Lease Obligations of such Person, (I) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (J) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Debt of any Person shall include the Debt of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Debt provide that such Person is not liable therefor.

Default shall mean the occurrence of any event which with the giving of notice or the passage of time or the occurrence of any other condition would become an Event of Default under this Agreement or under any other Loan Document.

Default Rate shall mean 4% per annum in excess of the rate or rates that would otherwise be in effect under the terms of the applicable Supplement, except that in the case of overdue interest, fees, and, prior to the final maturity of a Loan (whether as a result of acceleration or otherwise), principal, the term "Default Rate" shall mean 4% per annum in excess of any variable rate option provided in the applicable Supplement, or, in the event no such option is provided, 4% per annum in excess of the rate established by CoBank from time-to-time during that period as its National Variable Rate.

Dollars and the sign **"$"** shall mean lawful money of the United States of America.

Effective Date shall have the meaning set forth in the Preamble hereof.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations and published interpretations thereof.

Event of Default shall mean any of the events specified in Section 8.01 of this Agreement and any event specified in any Supplement or any Promissory Note as an Event of Default.

Existing Master Loan Agreement shall have the meaning set forth in the first Background clause of this Agreement.

Existing Promissory Note shall have the meaning set forth in the second Background clause of this Agreement.

Existing Supplement shall have the meaning set forth in the second Background clause of this Agreement.

Funded Debt shall mean, as of the date being measured, all indebtedness for borrowed money or the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), whether classified as long-term or short-term.

Flood Laws means, collectively, (A) the National Flood Insurance Act of 1968, (B) the Flood Disaster Protection Act of 1973, (C) the National Flood Insurance Reform Act of 1994 and (D) the Flood Insurance Reform Act of 2004, in each case, as now or hereinafter in effect, and any successor statute thereto, and all such other applicable Laws related thereto.

GAAP shall mean generally accepted accounting principles in the United States (as modified pursuant to any applicable regulatory order or policy).

Governmental Authority shall mean the government of the United States of America, or of any other nation, or any political subdivision thereof, whether federal, state or local or otherwise, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

Guarantee of or by any Person (the **"guarantor"**) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Debt or other obligation of any other Person (the **"primary obligor"**) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (A) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (B) to purchase or lease property, securities or services for the purpose of assuring the owner of such Debt or other obligation of the payment thereof, (C) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation or (D) as an account party in respect of any letter of credit or letter of guaranty issued to support such Debt or obligation; *provided*, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

Indenture Documents shall mean the Mortgage Indenture and all Supplemental Indentures and authentication documentation relating to Loans executed and delivered pursuant to the Mortgage Indenture.

Indenture Trustee shall mean the "Trustee" (as defined in the Mortgage Indenture), and its successors and assigns pursuant to the terms of the Mortgage Indenture.

Laws shall mean all laws, rules, regulations, codes, orders and the like.

Lien shall mean any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement, charge or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement).

Loan and **Loans** shall have the meaning set forth in Section 2.01 of this Agreement.

Loan Documents shall mean this Agreement, all Promissory Notes, all Supplements hereto, and all instruments or documents relating to this Agreement, such Promissory Notes and

such Supplements, including, without limitation, all applications, certificates, opinions of counsel, mortgages, deeds of trust, security agreements, guaranties, and pledge agreements; *provided, however*, that "Loan Documents" does not include the Indenture Documents or the CP Backstop Loan Documents.

Make-Whole Amount shall have the meaning set forth in Section 10.01 of this Agreement.

Material Adverse Effect shall mean a material adverse effect on the condition, financial or otherwise, operations, properties, margins or business of the Company or on the ability of the Company to perform its obligations under the Loan Documents, the Indenture Documents, any loan or other credit agreement relating to any Obligation under the Mortgage Indenture, or any other material credit agreement.

Moody's shall mean Moody's Investor Services, Inc. and any successor thereto.

Mortgage Indenture shall mean that certain Second Amended and Restated Indenture, dated as of January 20, 2011, as amended by that First Supplemental Indenture dated as of January 20, 2011, Second Supplemental Indenture of Trust dated as of September 30, 2011, Third Supplemental Indenture dated as of January 5, 2012, and Fourth Supplemental Indenture dated as of February 3, 2015, pursuant to which the Company has granted to U.S. Bank National Association, as Trustee, liens and security interests in certain of the Company's property as security for obligations issued and authenticated thereunder, as the same may be further amended, supplemented and restated from time to time.

Person shall mean an individual, partnership, limited liability company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

Promissory Note and **Promissory Notes** shall have the meaning set forth in Section 2.01 of this Agreement.

Rates shall have the meaning set forth in Section 7.01 of this Agreement.

Rating Agency shall mean S&P, Moody's, or any other nationally recognized statistical rating organization (within the meaning of the rules of the United States Securities and Exchange Commission).

Sanction shall have the meaning set forth in Section 6.10 of this Agreement.

S&P shall mean Standard & Poor's Rating Service, A Division of McGraw-Hill Companies, Inc., and any successor thereto.

Subsidiary shall mean, as to the Company, a corporation, partnership, limited liability company, joint venture, or other Person of which shares of stock or other equity interests having ordinary voting power (other than stock having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership, limited liability company, joint venture, or other Person are at the time owned, or the

management of which is otherwise controlled, directly or indirectly, through one or more intermediaries, or both, by the Company.

Supplement and **Supplements** shall have the meaning set forth in Section 2.01 of this Agreement.

SECTION 1.02 Rules of Interpretation. The following rules of interpretation shall apply to this Agreement, all Promissory Notes and all Supplements, and all amendments to any of the foregoing:

Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistent with those applied in the preparation of the financial statements referred to in Section 5.06(A) and of this Agreement, and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles.

Number. All terms stated in the singular shall include the plural, and all terms stated in the plural shall include the singular.

Including. The term "including" shall mean including, but not limited to.

Default. The expression "while any Default or Event of Default shall have occurred and be continuing" (or like expression) shall be deemed to include the period following any acceleration of the Obligations (unless such acceleration is rescinded).

SCHEDULE 4.01

Part (D)

None.

Part (H)

None.

Part (I)

None.

SUPPLEMENT
TO SECOND AMENDED AND RESTATED MASTER LOAN AGREEMENT
(Term Loan)

THIS SUPPLEMENT (this **"Supplement"**) to the Second Amended and Restated Master Loan Agreement dated as of June 30, 2016 (as amended or restated from time to time, the **"MLA"**), is entered into as of June 30, 2016, between **CHUGACH ELECTRIC ASSOCIATION, INC.**, an Alaska electric cooperative (the **"Company"**) and **CoBANK, ACB**, a federally chartered instrumentality of the United States (**"CoBank"**).

BACKGROUND

The Company has requested that CoBank make a term loan to the Company for the purpose of refinancing commercial paper issued by the Company to fund the Company's acquisition of certain interests in mineral rights, leases, equipment and other assets relating to the Beluga River Unit, and to pay certain expenses relating thereto, and CoBank is willing to make such term loan on the terms and conditions set forth herein and in the MLA. Capitalized terms used and not otherwise defined in this Supplement shall have the meanings assigned to them in the MLA.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. The Term Loan Commitment. On the terms and subject to the conditions set forth in the MLA and this Supplement, CoBank agrees to make a single draw term loan (the **"Loan"**) to the Company on the date hereof in the principal amount of $45,600,000 (the **"Term Commitment Amount"**). CoBank's obligation to fund the Loan shall expire at the close of business (Mountain time) on the date hereof. No portion of the Loan that is prepaid may thereafter be reborrowed. The Loan shall constitute a "Loan" within the meaning of the MLA, and will be made available as provided in Section 2.02 of the MLA.

SECTION 2. Purpose. The purpose of the Loan is to refinance commercial paper issued by the Company to fund the Company's acquisition of certain interests in mineral rights, leases, equipment and other assets relating to the Beluga River Unit and to pay certain expenses relating thereto.

SECTION 3. Interest. The Company agrees to pay interest on the unpaid balance of the Loan in accordance with one of more of the following interest rate options, as selected by the Company:

(A) Fixed Rate Option. At a fixed rate per annum to be quoted by CoBank in its sole discretion in each instance (the **"Fixed Rate Option"**). Under the Fixed Rate Option, rates may be fixed on such balances and for such periods (each, a **"Fixed Rate Period"**) as may be agreeable to CoBank in its sole discretion in each instance, *provided, however*, that: (1) rates may not be fixed for Fixed Rate Periods expiring after the Maturity Date; (2) rates may only be fixed on balances of $100,000 or in increments or multiples thereof; (3) the maximum number of balances at any one time that may be subject to this option and the LIBOR Rate Option shall be five (5); and (4) the Company will not be permitted to

establish a new quoted fixed rate, or refix the rate of a Fixed Rate Option, during the existence and continuance of a Default or an Event of Default.

(B) LIBOR Rate Option. At a fixed rate per annum for any LIBOR Rate Loan for any LIBOR Period equal to the sum of the LIBOR Rate for such LIBOR Period plus the LIBOR Margin (the **"LIBOR Rate Option"**), *provided, however*, that (1) each LIBOR Rate Loan shall be in a minimum amount of $100,000 or in increments or multiples thereof; (2) the maximum number of balances at any one time that may be subject to this option and the Base Rate Option shall be five (5); (3) no LIBOR Period may extend beyond the Maturity Date; and (4) the Company will not be permitted to select new LIBOR Rate Loans, or to continue LIBOR Rate Loans for additional LIBOR Periods, during the existence and continuance of a Default or an Event of Default.

(C) Base Rate Option. At a fixed rate per annum established by CoBank on the first Business Day of each week equal to the highest of (1) the Prime Rate in effect on such day, (2) the Federal Funds Effective Rate for such day plus 0.50% and (3) the one-month LIBOR Rate for such day plus 1.00% (the **"Base Rate Option"**). The rate established by CoBank shall be effective until the first Business Day of the next week. Each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request.

Subject to the limitations set forth above, the Company: (1) shall select the applicable rate option or options at the time it requests the Loan hereunder, (2) may elect to convert balances bearing interest at the Base Rate Option to (i) the Fixed Rate Option on any Business Day or (ii) the LIBOR Rate Option upon not less than three (3) Business Days' prior notice to CoBank; (3) may, upon the expiration of any Fixed Rate Period for any balance bearing interest at the Fixed Rate Option, elect, with respect to such balance, to (i) refix the rate under the Fixed Rate Option or (ii) convert the rate to (a) the Base Rate Option on any Business Day or (b) the LIBOR Rate Option upon not less than three (3) Business Days' prior notice to CoBank; and (4) may, upon the expiration of the LIBOR Period for any LIBOR Rate Loan, elect to (i) convert the rate on such LIBOR Rate Loan to the Base Rate Option or the Fixed Rate Option on any Business Day or (ii) continue the LIBOR Rate Option with respect to such LIBOR Rate Loan for an additional LIBOR Period selected by the Company upon not less than three (3) Business Days' prior notice to CoBank. In the absence of any election provided for herein, the Company shall be deemed to have elected the Base Rate Option, and if the Company fails to specify the LIBOR Period to be applicable to any LIBOR Rate Loan, the Company shall be deemed to have selected a LIBOR Period of one month for such LIBOR Loan. All interest rate elections provided for herein shall be made pursuant to a request substantially in the form of Exhibit B hereto, and must be received by 12:00 noon Mountain time on the required date of notice, and such delivery may be made electronically. Interest shall be calculated on the actual number of days each Loan is outstanding on the basis of a year consisting of 360 days. Interest shall be: (a) in the case of any balance bearing interest at the Base Rate Option or the Fixed Rate Option, calculated quarterly in arrears on the last day of each calendar quarter and on the Maturity Date and payable quarterly in arrears on the 20th day of the following January, April, July or October and on the Maturity Date, and (b) in the case of a LIBOR Rate Loan, payable in arrears on the last day of the LIBOR Period applicable to such LIBOR Rate Loan and on the Maturity Date, *provided*, that, if the applicable LIBOR Period is longer than three (3) months,

interest on such LIBOR Rate Loan shall be payable in arrears on the date that is three (3) months after the first day of such LIBOR Period, the last day of such LIBOR Period and on the Maturity Date.

SECTION 4. Repricing. CoBank may, in its sole discretion based on market conditions, from time to time on or after June 30, 2021 (but not more than once during any five-year period), change the LIBOR Margin. If CoBank elects to so change the LIBOR Margin, it shall deliver not less than thirty (30) days' prior written notice of such change (a **"Repricing Notice"**) to the Company setting forth (1) the Repricing Date and (2) the amount by which the LIBOR Margin will increase or decrease. Any such change to the LIBOR Margin shall occur on the Repricing Date set forth in the Repricing Notice unless the Company provides written objection thereto not less than fifteen (15) days prior to the Repricing Date; *provided* that, if the Company so objects to any increase in the LIBOR Margin, (a) the Company may not request that any balance of the Loan be made as, converted into or continued as a LIBOR Rate Loan unless and until the Company and CoBank mutually agree on a new LIBOR Margin and (b) if the Company and CoBank do not mutually agree on a new LIBOR Margin on or prior to the date that is three (3) Business Days prior to the Repricing Date, no balance may thereafter be made as, converted into or continued as a LIBOR Rate Loan.

SECTION 5. Fees. Concurrently with the making of the Loan hereunder, the Company shall pay to CoBank an origination fee equal to the greater of (1) 0.25% of the Term Commitment Amount and (2) $114,000.

SECTION 6. Repayment of the Loan. The Company promises to repay the unpaid principal balance of the Loan in accordance with the repayment schedule shown on Exhibit A to the CoBank Note. In addition to the above, the Company promises to pay interest on the unpaid principal balance of the Loan at the times and in accordance with the provisions set forth above.

SECTION 7. Prepayment. Subject to Section 10.01 of the MLA and Section 10(D) of this Supplement, the Company may, on any Business Day, prepay the Loan in whole or part. In the event the Company would like to prepay the Loan in whole or part, it shall notify CoBank thereof in writing (1) not later than 11:00 a.m. Mountain time three (3) Business Days prior to the date on which the Company intends to prepay any balance of the Loan bearing interest at the Fixed Rate Option or the LIBOR Rate Option or (2) not later than 11:00 a.m. Mountain time on the Business Day the Company intends to prepay any balance of the Loan bearing interest at the Base Rate Option. Each notice of prepayment shall specify (a) which balances of the Loan will be prepaid, (b) the date and amount of prepayment, and (c) whether the prepayment is of balances of the Loan bearing interest at the Base Rate Option, the Fixed Rate Option and/or the LIBOR Rate Option. Unless otherwise agreed to by CoBank in writing, all such notices shall be irrevocable. On the date fixed for prepayment, the Company shall prepay the Loan (or so much thereof as provided in the Company's notice), together with accrued interest thereon, and, if applicable, any surcharge owing under Section 10.01 of the Master Loan Agreement and/or any fee owing under Section 10(D) of this Supplement. All prepayments shall be applied first to balances bearing interest at the Base Rate Option, and then to such balances bearing interest at the Fixed Rate Option and/or the LIBOR Rate Option as the

Company shall specify. All prepayments will be applied to principal installments on the Loan in the same proportion as the aggregate unpaid principal amount of the Loan is reduced as a result of such prepayment.

SECTION 8. Promissory Note. The Company's obligation to repay the Loan shall be evidenced by a promissory note, dated as of the date hereof, made by the Company and payable to the order of CoBank, in the face principal amount equal to the Term Commitment Amount and otherwise in the form attached hereto as Exhibit A (as may be amended, modified and/or restated from time to time, the "**CoBank Note**").

SECTION 9. Security. The CoBank Note evidencing the Loan under this Supplement is secured as provided in Section 2.04 of the Master Loan Agreement.

SECTION 10. Increased Costs; Illegality; Funding Losses.

(A) Increased Costs. If any Change in Law shall:

(1) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, CoBank (except any reserve requirement reflected in the LIBOR Rate);

(2) subject CoBank to any tax of any kind whatsoever on or with respect to this Supplement, any LIBOR Rate Loan, or solely as it relates to this Supplement, the MLA, or its deposits, reserves, other liabilities or capital attributable thereto, or change the basis of taxation of payments to CoBank in respect thereof; or

(3) impose on CoBank or the London interbank eurodollar market any other condition, cost or expense affecting this Supplement, the MLA or LIBOR Rate Loans made by CoBank;

and the result of any of the foregoing shall be to increase the cost to CoBank of making, converting to, continuing or maintaining any LIBOR Rate Loan, or to reduce the amount of any sum received or receivable by CoBank hereunder (whether of principal, interest or any other amount) in respect of a LIBOR Rate Loan, then, upon request of CoBank, the Company will pay to CoBank such additional amount or amounts as will compensate CoBank for such additional costs incurred or reduction suffered. Failure on the part of CoBank to demand compensation pursuant to this Section 10(A) shall not constitute a waiver of CoBank's right to demand such compensation.

(B) Illegality. If CoBank determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for CoBank or its applicable lending office to make or fund LIBOR Rate Loans, or to determine or charge interest rates based upon the LIBOR Rate, or any Governmental Authority has imposed material restrictions on the authority of CoBank to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on written notice thereof by CoBank to the Company, any obligation of CoBank to convert or continue LIBOR Rate Loans shall be suspended until CoBank notifies the Company that the circumstances giving rise to such

determination no longer exist. Upon receipt of such notice and demand from CoBank, the Company shall, at its election, either prepay or, if applicable, convert all LIBOR Rate Loans to balances of the Loan bearing interest based on the Base Rate Option or the Fixed Rate Option, either on the last day of the LIBOR Period therefor, if CoBank may lawfully continue to maintain such LIBOR Rate Loans to such day, or immediately, if CoBank may not lawfully continue to maintain such LIBOR Rate Loans. Upon any such prepayment or conversion, the Company shall also pay accrued interest on the amount so prepaid or converted.

(C) Inability to Determine Rates. If CoBank determines that for any reason in connection with any request for a LIBOR Rate Loan or a conversion to or continuation thereof that (1) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and LIBOR Period of such LIBOR Rate Loan, (2) adequate and reasonable means do not exist for determining the LIBOR Rate for any requested LIBOR Period, or (3) the LIBOR Rate for any requested LIBOR Period does not adequately and fairly reflect the cost to CoBank of funding such Loan, CoBank will promptly so notify the Company in writing. Thereafter, the obligation of CoBank to make, convert to, or to maintain, LIBOR Rate Loans shall be suspended until CoBank revokes such notice. Upon receipt of such notice, the Company may revoke any pending loan request or request for continuation or conversion requesting LIBOR Rate Loans or, failing that, will be deemed to have converted such request into a request for balances of the Loan bearing interest based on the Base Rate Option in the amount specified therein.

(D) Compensation for Losses. Upon written demand of CoBank from time to time, which demand shall set forth in reasonable detail the basis for requesting such amount, the Company shall promptly compensate CoBank for and hold CoBank harmless from any loss, cost or expense (other than any loss of anticipated profit) incurred by it as a result of (1) any continuation, conversion, payment or prepayment of any LIBOR Rate Loan on a day other than the last day of the LIBOR Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise) or (2) any failure by the Company to prepay, borrow, continue or convert any LIBOR Rate Loan on the date or in the amount notified by the Company, including any loss or expense arising from the liquidation or reemployment of funds obtained by CoBank to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Company shall also pay any reasonable and customary administrative fees charged by CoBank in connection with the foregoing. For purposes of calculating amounts payable by the Company to CoBank under this Section, CoBank shall be deemed to have funded each LIBOR Rate Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such LIBOR Rate Loan was in fact so funded.

SECTION 11. Non-Patronage. Notwithstanding any provisions in the MLA or CoBank's Bylaws and Capital Plan to the contrary, the Loan evidenced by this Supplement shall be made on a non-patronage basis. Therefore, any amounts advanced under the Loan shall not be included in the annual average accruing loan volume calculation for purposes of determining the Company's patronage refund, if any.

SECTION 12. Definitions. As used in this Supplement, the following terms shall have the following meanings:

"Business Day" means any day other than a Saturday, Sunday, or other day on which CoBank or the Federal Reserve Bank is closed for business, *provided* that, when used in connection with a LIBOR Rate Loan, the term "Business Day" shall also exclude any such day on which banks are not open for dealings in Dollars in the London interbank eurodollar market.

"Change in Law" means the occurrence, after the date of this Supplement, of any of the following: (a) the adoption or taking effect of any law, (b) any change in any law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline, or directive (whether or not having the force of law) by any Governmental Authority; *provided* that, notwithstanding anything herein to the contrary, (1) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith and (2) all requests, rules, regulations, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards to the next whole multiple of 1/100th of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards to the next 1/100th of 1%) of the quotations for such day for such transactions received by the CoBank from three Federal funds brokers of recognized standing selected by it.

"LIBOR Margin" means (a) at any time prior to the Repricing Date, 1.375% per annum, and (b) at any time on and after the Repricing Date, the per annum rate set forth in, or determined pursuant to, the Repricing Notice.

"LIBOR Period" means, for any LIBOR Rate Loan, the period commencing on the date such LIBOR Rate Loan is made, converted or continued as a LIBOR Rate Loan and ending on the date one, three or six months thereafter, as selected by the Company pursuant to Section 3 of this Supplement.

"LIBOR Rate" means, for any LIBOR Period, (a) a rate of interest (rounded upward to the next whole multiple of 1/100th of 1%) reported by Bloomberg Information Services (or on any successor or substitute service providing rate quotations comparable to those currently provided by such service, as determined by CoBank from time to time, for the purpose of providing quotations of interest rates applicable to Dollar deposits in the London interbank eurodollar market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such LIBOR Period, as the rate for Dollar deposits with a maturity comparable to such LIBOR Period, multiplied by (b) the Statutory Reserve Rate for such LIBOR Period; *provided* that the LIBOR Rate shall not be less than zero.

"LIBOR Rate Loan" means any balance of a Loan bearing interest based on the LIBOR Rate, it being understood that each such balance having a different LIBOR Period shall be deemed to be a separate LIBOR Rate Loan.

"Maturity Date" means April 20, 2031.

"Prime Rate" means the rate of interest per annum published from time to time as the "Prime Rate" by the Eastern Edition of The Wall Street Journal, or, if the Eastern Edition of The Wall Street Journal ceases publishing a "Prime Rate," any successor publication selected by CoBank in its discretion; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Repricing Date" means the effective date set forth in a Repricing Notice delivered by CoBank to the Company.

"Repricing Notice" has the meaning set forth in Section 4.

"Statutory Reserve Rate" means, for any LIBOR Period for any LIBOR Rate Loan, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the arithmetic mean, taken over each day in such LIBOR Period, of the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors of the Federal Reserve System (the **"Board"**) to which CoBank is subject for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. LIBOR Rate Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to CoBank under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

~~Loan No. ML000976~~ mas

IN WITNESS WHEREOF, the parties have caused this Supplement to be executed by their duly authorized officers as of the date first shown above.

CoBANK, ACB	CHUGACH ELECTRIC ASSOCIATION, INC.
By: _____	By: Sheri K Hughes
Title: _____	Title: CFO

IN WITNESS WHEREOF, the parties have caused this Supplement to be executed by their duly authorized officers as of the date first shown above.

CoBANK, ACB	CHUGACH ELECTRIC ASSOCIATION, INC.
By: _____	By: _____
Name: Jake Good	Name: _____
Title: Vice President	Title: _____

EXHIBIT A TO SUPPLEMENT

Chugach Electric Association, Inc. is personally obligated and fully liable for the amount due under this note and, subject to the provisions of the Second Amended and Restated Indenture of Trust dated as of January 20, 2011, as amended and supplemented, between Chugach Electric Association, Inc. and U.S. Bank, National Association, as Trustee (the **"Indenture"**), each Holder (as defined in the Indenture) has the right to sue on this note and obtain a personal judgment against the Maker (as hereinafter defined) for satisfaction of the amount due under this note either before or after a foreclosure of the Indenture under Alaska Statutes 09.45.170-09.45.220.

Loan No.: ML0976T3_

PROMISSORY NOTE

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

$45,600,000 **June 30, 2016**

FOR VALUE RECEIVED, CHUGACH ELECTRIC ASSOCIATION, INC. (the **"Maker"**) promises to pay to **COBANK, ACB** or its order (the **"Payee"**) in U.S. dollars and in immediately available funds, the principal sum of **FORTY-FIVE MILLION SIX HUNDRED THOUSAND DOLLARS ($45,600,000)** in consecutive quarterly installments, each in an amount, and each due and payable on the dates, set forth on Exhibit A hereto. The undersigned also promises to pay to the Payee interest on the unpaid principal balance hereof in like money at the rates of interest, at the times, and calculated in the manner set forth in the "Supplement" and the "Master Loan Agreement" (both as hereinafter defined). For purposes hereof, the term: (1) **"Supplement"** shall mean that certain Supplement dated as of June 30, 2016, and numbered ML0976T3, as such Supplement may be amended or restated from time to time; (2) **"Master Loan Agreement"** shall mean that certain Second Amended and Restated Master Loan Agreement dated June 30, 2016, and numbered 000976A, as that agreement may be amended or restated from time to time.

Subject to the payment of a premium calculated in accordance with Section 10.01 of the Master Loan Agreement and/or the payment of fees in accordance with Section 11(D) of the Supplement, as applicable, the Maker may prepay this Promissory Note in whole or in part as provided in the Supplement. All partial prepayments shall be applied in the manner set forth in the Supplement.

Notwithstanding any other provision hereof or the Master Loan Agreement: (1) if any date on which principal or interest is due is not a Business Day, then such payment shall be made on the next Business Day and interest on any principal amount not paid on the original due date shall continue to accrue until such payment is made; (2) if any interest or principal is not paid when due, then such payment shall be due and payable on demand; and (3) upon the occurrence of an "Event of Default" (as defined in the Master Loan Agreement) until such Event of Default shall have been waived or cured in a manner satisfactory to CoBank, interest shall accrue at 4% per

annum in excess of the rate(s) of interest that would otherwise be in effect.

Payments on this Promissory Note shall be made as provided in Section 2.03 of the Master Loan Agreement. The Maker agrees that the Payee shall not be obligated to present this Promissory Note for payment.

This Promissory Note is given to evidence the loan made by the Payee to the Maker under the Supplement and, to the extent related to the Supplement, the Master Loan Agreement. Capitalized terms used herein and not defined herein shall have the meanings given to those terms in the Master Loan Agreement.

This Promissory Note is secured as provided in Section 2.04 of the Master Loan Agreement.

Upon the occurrence of an Event of Default under the Master Loan Agreement, the principal amount hereof, together with accrued interest hereon, any premium owing under Section 10.01 of the Master Loan Agreement and any fee owing under Section 10(D) of the Supplement, may be declared to be due and payable in the manner and with the effect provided in the Master Loan Agreement.

The Payee will keep a record of: (A) the unpaid principal balance hereof; (B) the interest rate elections and interest rates applicable to the unpaid principal balance hereof and the effective dates of all changes thereto; (C) all fees and expenses due and payable hereunder; and (D) the date and amount of all principal, interest, and fees paid by the Maker. To the extent permitted by applicable Law, such record (and all computer printouts thereof) shall be presumed correct absent manifest error as to the obligations of the Maker therein recorded; *provided* that the failure of Payee to maintain such record, or any error therein, shall not in any manner affect the obligation of the Company to repay (with applicable interest) any loan in accordance with the terms of this Note, the Supplement, and the Master Loan Agreement.

The Maker hereby waives presentment for payment, demand, protest and notice of dishonor and nonpayment of this Promissory Note, and all defenses on the grounds of delay or of any extension of time for the payment hereof which may be hereafter given by the holder or holders hereof, and it is specifically agreed that the obligations of the Maker shall not be affected or altered to the prejudice of the holder or holders hereof by reason of the assumption of payment of the same by any other person or entity.

Except to the extent governed by applicable Federal law, this Promissory Note shall be governed by and construed in accordance with the laws of the State of Alaska, without reference to choice of law doctrine.

(Signature Page to Follow)

CHUGACH ELECTRIC ASSOCIATION, INC.

By: _____
Title: _____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Obligations referred to in the Second Amended and Restated Indenture of Trust dated as of January 20, 2011, as amended and supplemented, between Chugach Electric Association, Inc. and U.S. Bank, National Association, as Trustee.

U.S. Bank National Association, as Trustee

By:_____
Authorized Signatory

Date: June 30, 2016

EXHIBIT A TO PROMISSORY NOTE

AMORTIZATION SCHEDULE

Payment Date	Principal Payment	Payment Date	Principal Payment
7/20/2016	$912,000	1/20/2024	$1,026,000
10/20/2016	$912,000	4/20/2024	$1,026,000
1/20/2017	$912,000	7/20/2024	$1,026,000
4/20/2017	$912,000	10/20/2024	$1,026,000
7/20/2017	$798,000	1/20/2025	$1,026,000
10/20/2017	$798,000	4/20/2025	$1,026,000
1/20/2018	$798,000	7/20/2025	$912,000
4/20/2018	$798,000	10/20/2025	$912,000
7/20/2018	$798,000	1/20/2026	$912,000
10/20/2018	$798,000	4/20/2026	$912,000
1/20/2019	$798,000	7/20/2026	$684,000
4/20/2019	$798,000	10/20/2026	$684,000
7/20/2019	$798,000	1/20/2027	$684,000
10/20/2019	$798,000	4/20/2027	$684,000
1/20/2020	$798,000	7/20/2027	$570,000
4/20/2020	$798,000	10/20/2027	$570,000
7/20/2020	$912,000	1/20/2028	$570,000
10/20/2020	$912,000	4/20/2028	$570,000
1/20/2021	$912,000	7/20/2028	$456,000
4/20/2021	$912,000	10/20/2028	$456,000
7/20/2021	$912,000	1/20/2029	$456,000
10/20/2021	$912,000	4/20/2029	$456,000
1/20/2022	$912,000	7/20/2029	$342,000
4/20/2022	$912,000	10/20/2029	$342,000
7/20/2022	$1,026,000	1/20/2030	$342,000
10/20/2022	$1,026,000	4/20/2030	$342,000
1/20/2023	$1,026,000	7/20/2030	$228,000
4/20/2023	$1,026,000	10/20/2030	$228,000
7/20/2023	$1,026,000	1/20/2031	$228,000
10/20/2023	$1,026,000	4/20/2031	$228,000

EXHIBIT B TO SUPPLEMENT

INTEREST RATE OPTION NOTICE

_____, 20__

To: CoBank, ACB ("**CoBank**")

From: Chugach Electric Association, Inc. (the "**Company**")

Re: Supplement dated as of June 30, 2016 (the "**Supplement**") to the Second Amended and Restated Master Loan Agreement dated as of June 30, 2016 between the Company and CoBank

Pursuant to Section 3 of the Supplement, the Company hereby gives notice of its desire to, in accordance with the terms of the Supplement and those set forth below, with respect to [the Loan requested concurrently herewith in the amount of $_____] [an existing principal balance in the amount of $_____] [comprised of a LIBOR Rate Loan with a LIBOR Period ending on _____, 20__][bearing interest at a quoted fixed rate equal to ___% for a quoted fixed rate period ending _____, 20__][bearing interest at the base rate] (all capitalized terms used herein and not defined herein shall have the meaning given them in the Supplement):

☐ Selection of LIBOR Rate Option: Establish a new/convert/continue a LIBOR Rate Loan in the following amount:

$_____[1] for a period of _____ months[2];

☐ Selection of Fixed Rate Option: Establish [a] new quoted fixed rate for the following amount:

$_____[3] for a period of ____ [days/months/years];

☐ Selection of Base Rate Option: Elect the base rate for the following amount:

$_____

The elections noted above and requested pursuant to this Interest Rate Option Notice shall be effective on _____, 20__[4].

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[1]Minimum of $100,000 (or higher integral multiple of $100,000).
[2]1, 3 or 6 months.
[3]Minimum of $100,000 (or higher integral multiple of $100,000).
[4]Interest Rate Option Notice to be received prior to 12:00 noon (Mountain time) on the date required by the Supplement.

CHUGACH ELECTRIC ASSOCIATION, INC.

By _____

Title _____

CH2\18342600.7

Chugach Electric Association, Inc. is personally obligated and fully liable for the amount due under this note and, subject to the provisions of the Second Amended and Restated Indenture of Trust dated as of January 20, 2011, as amended and supplemented, between Chugach Electric Association, Inc. and U.S. Bank, National Association, as Trustee (the **"Indenture"**), each Holder (as defined in the Indenture) has the right to sue on this note and obtain a personal judgment against the Maker (as hereinafter defined) for satisfaction of the amount due under this note either before or after a foreclosure of the Indenture under Alaska Statutes 09.45.170-09.45.220.

Loan No.: ML0976T3

PROMISSORY NOTE

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

$45,600,000 **June 30, 2016**

FOR VALUE RECEIVED, CHUGACH ELECTRIC ASSOCIATION, INC. (the **"Maker"**) promises to pay to **COBANK, ACB** or its order (the **"Payee"**) in U.S. dollars and in immediately available funds, the principal sum of **FORTY-FIVE MILLION SIX HUNDRED THOUSAND DOLLARS ($45,600,000)** in consecutive quarterly installments, each in an amount, and each due and payable on the dates, set forth on Exhibit A hereto. The undersigned also promises to pay to the Payee interest on the unpaid principal balance hereof in like money at the rates of interest, at the times, and calculated in the manner set forth in the "Supplement" and the "Master Loan Agreement" (both as hereinafter defined). For purposes hereof, the term: (1) **"Supplement"** shall mean that certain Supplement dated as of June 30, 2016, and numbered ML0976T3, as such Supplement may be amended or restated from time to time; (2) **"Master Loan Agreement"** shall mean that certain Second Amended and Restated Master Loan Agreement dated June 30, 2016, and numbered 000976A, as that agreement may be amended or restated from time to time.

Subject to the payment of a premium calculated in accordance with Section 10.01 of the Master Loan Agreement and/or the payment of fees in accordance with Section 11(D) of the Supplement, as applicable, the Maker may prepay this Promissory Note in whole or in part as provided in the Supplement. All partial prepayments shall be applied in the manner set forth in the Supplement.

Notwithstanding any other provision hereof or the Master Loan Agreement: (1) if any date on which principal or interest is due is not a Business Day, then such payment shall be made on the next Business Day and interest on any principal amount not paid on the original due date shall continue to accrue until such payment is made; (2) if any interest or principal is not paid when due, then such payment shall be due and payable on demand; and (3) upon the occurrence of an "Event of Default" (as defined in the Master Loan Agreement) until such Event of Default shall have been waived or cured in a manner satisfactory to CoBank, interest shall accrue at 4% per annum in excess of the rate(s) of interest that would otherwise be in effect.

Payments on this Promissory Note shall be made as provided in Section 2.03 of the Master Loan Agreement. The Maker agrees that the Payee shall not be obligated to present this Promissory Note for payment.

This Promissory Note is given to evidence the loan made by the Payee to the Maker under the Supplement and, to the extent related to the Supplement, the Master Loan Agreement. Capitalized terms used herein and not defined herein shall have the meanings given to those terms in the Master Loan Agreement.

This Promissory Note is secured as provided in Section 2.04 of the Master Loan Agreement.

Upon the occurrence of an Event of Default under the Master Loan Agreement, the principal amount hereof, together with accrued interest hereon, any premium owing under Section 10.01 of the Master Loan Agreement and any fee owing under Section 10(D) of the Supplement, may be declared to be due and payable in the manner and with the effect provided in the Master Loan Agreement.

The Payee will keep a record of: (A) the unpaid principal balance hereof; (B) the interest rate elections and interest rates applicable to the unpaid principal balance hereof and the effective dates of all changes thereto; (C) all fees and expenses due and payable hereunder; and (D) the date and amount of all principal, interest, and fees paid by the Maker. To the extent permitted by applicable Law, such record (and all computer printouts thereof) shall be presumed correct absent manifest error as to the obligations of the Maker therein recorded; *provided* that the failure of Payee to maintain such record, or any error therein, shall not in any manner affect the obligation of the Company to repay (with applicable interest) any loan in accordance with the terms of this Note, the Supplement, and the Master Loan Agreement.

The Maker hereby waives presentment for payment, demand, protest and notice of dishonor and nonpayment of this Promissory Note, and all defenses on the grounds of delay or of any extension of time for the payment hereof which may be hereafter given by the holder or holders hereof, and it is specifically agreed that the obligations of the Maker shall not be affected or altered to the prejudice of the holder or holders hereof by reason of the assumption of payment of the same by any other person or entity.

Except to the extent governed by applicable Federal law, this Promissory Note shall be governed by and construed in accordance with the laws of the State of Alaska, without reference to choice of law doctrine.

(Signature Page to Follow)

CHUGACH ELECTRIC ASSOCIATION, INC.

By: Thomas A Lighes

Title: CFO

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Obligations referred to in the Second Amended and Restated Indenture of Trust dated as of January 20, 2011, as amended and supplemented, between Chugach Electric Association, Inc. and U.S. Bank, National Association, as Trustee.

U.S. Bank National Association, as Trustee

By:_____
Authorized Signatory

Date: June 30, 2016

EXHIBIT A TO PROMISSORY NOTE

AMORTIZATION SCHEDULE

Payment Date	Principal Payment	Payment Date	Principal Payment
7/20/2016	$912,000	1/20/2024	$1,026,000
10/20/2016	$912,000	4/20/2024	$1,026,000
1/20/2017	$912,000	7/20/2024	$1,026,000
4/20/2017	$912,000	10/20/2024	$1,026,000
7/20/2017	$798,000	1/20/2025	$1,026,000
10/20/2017	$798,000	4/20/2025	$1,026,000
1/20/2018	$798,000	7/20/2025	$912,000
4/20/2018	$798,000	10/20/2025	$912,000
7/20/2018	$798,000	1/20/2026	$912,000
10/20/2018	$798,000	4/20/2026	$912,000
1/20/2019	$798,000	7/20/2026	$684,000
4/20/2019	$798,000	10/20/2026	$684,000
7/20/2019	$798,000	1/20/2027	$684,000
10/20/2019	$798,000	4/20/2027	$684,000
1/20/2020	$798,000	7/20/2027	$570,000
4/20/2020	$798,000	10/20/2027	$570,000
7/20/2020	$912,000	1/20/2028	$570,000
10/20/2020	$912,000	4/20/2028	$570,000
1/20/2021	$912,000	7/20/2028	$456,000
4/20/2021	$912,000	10/20/2028	$456,000
7/20/2021	$912,000	1/20/2029	$456,000
10/20/2021	$912,000	4/20/2029	$456,000
1/20/2022	$912,000	7/20/2029	$342,000
4/20/2022	$912,000	10/20/2029	$342,000
7/20/2022	$1,026,000	1/20/2030	$342,000
10/20/2022	$1,026,000	4/20/2030	$342,000
1/20/2023	$1,026,000	7/20/2030	$228,000
4/20/2023	$1,026,000	10/20/2030	$228,000
7/20/2023	$1,026,000	1/20/2031	$228,000
10/20/2023	$1,026,000	4/20/2031	$228,000

CREDIT AGREEMENT

dated as of June 13, 2016

among

CHUGACH ELECTRIC ASSOCIATION, INC.,

the LENDERS Party Hereto,

and

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION,
as Administrative Agent, Lead Arranger, an Issuing Lender
and Swingline Lender

and

KEYBANK NATIONAL ASSOCIATION,
as Syndication Agent

_____

$150,000,000

_____

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CREDIT AGREEMENT (this "Agreement") dated as of June 13, 2016, is among CHUGACH ELECTRIC ASSOCIATION, INC., the LENDERS party hereto, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Lead Arranger, Issuing Lender, Swingline Lender and Administrative Agent.

The Borrower (as hereinafter defined) has requested that the Lenders (as hereinafter defined), the Swingline Lender (as hereinafter defined) and the Issuing Lenders (as hereinafter defined) make loans and extend credit to it in an aggregate principal amount not exceeding $150,000,000 at any one time outstanding, which can be increased hereunder to an aggregate principal amount not exceeding $250,000,000 at any one time outstanding, subject to the terms and conditions set forth herein. The Lenders, the Swingline Lender and the Issuing Lenders are prepared to extend such credit upon the terms and conditions hereof, and, accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"ABR Applicable Margin" means, for any day, the percentage rate per annum set forth below opposite the applicable Unsecured Credit Rating of the Borrower then in effect, in the column labeled "ABR Applicable Margin" below:

Level	S&P Unsecured Credit Rating	Moody's Unsecured Credit Rating	Fitch Unsecured Credit Rating	ABR Applicable Margin
I	≥ A+	≥ A1	≥ A+	0.950%
II	A	A2	A	1.000%
III	A-	A3	A-	1.125%
IV	BBB+	Baa1	BBB+	1.300%
V	BBB	Baa2	BBB	1.475%
VI	≤ BBB-	≤ Baa3	≤ BBB-	1.750%

If the Borrower has a Secured Credit Rating, but not an Unsecured Credit Rating, from any such rating agency, for purposes of determining the ABR Applicable Margin, the Unsecured Credit Rating of the Borrower from such rating agency shall be deemed to be one level less than the level corresponding to the Secured Credit Rating from such rating agency.

The ABR Applicable Margin shall, in each case, be determined and adjusted (i) any time after the date of any credit rating agency report setting forth a new and increased or

decreased credit rating for the Borrower and (ii) on the date that the Borrower ceases to have any credit rating from any of S&P, Moody's or Fitch (each such adjustment date, an "ABR Interest Determination Date"). Such ABR Applicable Margin shall be effective from such ABR Interest Determination Date until the next such ABR Interest Determination Date.

If the Borrower is rated by only one of Moody's, S&P or Fitch, the level of that rating shall be the applicable level. If the Borrower's Unsecured Credit Ratings fall within different levels in the above table, the ABR Applicable Margin shall be determined as follows: (a) if the Borrower is rated by two such rating agencies, the highest rating level shall be the applicable level, unless there is more than one pricing level between those two ratings, in which case the ABR Applicable Margin shall be the level immediately below the highest credit rating, and (b) if the Borrower is rated by three such rating agencies, the level of two of the same level of Unsecured Credit Ratings shall be the applicable level or, if each of the Unsecured Credit Ratings is in a different level, the level which is the middle of the three Unsecured Credit Ratings shall be the applicable level.

If the Borrower does not have an Unsecured Credit Rating or a Secured Credit Rating from at least one of the rating agencies set forth above on any ABR Interest Determination Date, the ABR Applicable Margin shall be pricing level VI.

References to ratings in the table above are references to rating categories as determined by the rating agencies as of the Effective Date and in the event of adoption of any new or changed rating system by any such rating agency, each of the ratings from the rating agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as in effect on the Effective Date.

The applicable pricing level for the ABR Applicable Margin, as of the Effective Date, is pricing level II.

"Accounting Requirements" means the requirements of the system of accounts prescribed by any regulatory authority having jurisdiction over the Borrower or, in the absence thereof, the requirements of generally accepted accounting principles applicable to similar Persons conducting business similar to that of the Borrower. Generally accepted accounting principles refers to a common set of accounting standards and procedures that are either promulgated by an authoritative accounting rulemaking body or accepted as appropriate due to wide-spread application in the United States.

"Additional Lender" has the meaning set forth in Section 2.20(a)(ii).

"Adjusted LIBO Rate" means, for the Interest Period for any LIBO Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate for such Interest Period.

"Administrative Agent" means CFC, in its capacity as administrative agent for the Lenders hereunder, and any successor in such capacity.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified and, with respect to the Borrower and its Subsidiaries, each Member.

"Agent Parties" has the meaning set forth in Section 9.01(d)(ii).

"Agreement" shall have the meaning ascribed thereto in the preamble.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate for such day plus 0.50% and (c) the Adjusted LIBO Rate for a one-month Interest Period for such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate for a one-month Interest Period shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate for a one-month Interest Period, as the case may be.

"Anti-Terrorism Laws" means any federal laws of the United States relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery and any regulation, order or directive promulgated, issued or enforced pursuant to such laws.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitments, provided that so long as any Lender shall be a Defaulting Lender, such Defaulting Lender's Commitment shall be disregarded in calculating each other Lender's Applicable Percentage. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, after giving effect to any assignments and to any Lender's status as a Defaulting Lender at the time of determination.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Authorizations" means the governmental and third party consents, approvals, authorizations, actions, notices and filings necessary in connection with the conduct of the Borrower's business and the consummation of the Transactions.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments prior to the Maturity Date pursuant to Section 2.07(b) or 2.09(b), Article VII or otherwise.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Chugach Electric Association, Inc., a corporation duly organized under the laws of the State of Alaska.

"Borrowing" means (a) all Revolving ABR Loans made, converted or continued on the same date, (b) all LIBO Loans that have the same Interest Period or (c) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.03.

"Business Day" means any day (a) that the office of the Administrative Agent is not closed, (b) that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed and (c) if such day relates to a borrowing of, a payment or prepayment of principal of or interest on, a continuation or conversion of or into, or the Interest Period for, a LIBO Loan, or to a notice by the Borrower with respect to any such borrowing, payment, prepayment, continuation, conversion, or Interest Period, that is also a day on which dealings in Dollar deposits are carried out in the London interbank market.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under Accounting Requirements and the amount of such obligations shall be the capitalized amount thereof determined in accordance with Accounting Requirements.

"Cash Collateral Account" has the meaning set forth in Section 2.04(k).

"Cash Collateralize" means, to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the Issuing Lender or Lenders, as collateral for LC Exposure or obligations of Lenders to fund participations in respect of LC Exposure, cash or deposit account balances or, if the Administrative Agent and the applicable Issuing Lender shall agree in their sole discretion, other credit support, in each case pursuant to

documentation in form and substance satisfactory to the Administrative Agent and the Issuing Lender. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"CFC" means National Rural Utilities Cooperative Finance Corporation.

"CFC Capital Term Certificates" means capital term certificates, or book entry form of account, evidencing the Borrower's (i) required purchase of equity in CFC in connection with any existing or future credit facilities provided or to be provided by CFC or (ii) other investments in CFC.

"CFC Line of Credit Rate" means, for any day, a rate per annum equal to the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but, if not so published, the CFC Line of Credit Rate shall be the rate per annum determined by CFC for such lines of credit from time to time.

"Change in Control" means, with respect to the Borrower, failure to be a member-owned electric corporation operating on a cooperative basis pursuant to Alaska law.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"CIM" means the Confidential Information Memorandum of the Borrower dated April 28, 2016.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are Revolving Loans or Swingline Loans.

"CoBank" means CoBank, ACB.

"CoBank Equity Interests" has the meaning set forth in Section 5.12(a).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Credit Exposure hereunder, as such commitment may be (a) reduced from time to time

pursuant to Section 2.07 or Section 2.09(b), (b) increased pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule I, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is $150,000,000.

"Commitment Increase" has the meaning set forth in Section 2.20(a).

"Commitment Increase Cap" has the meaning set forth in Section 2.20(a).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated Margins and Equities" means an amount constituting the total margins and equities of the Borrower determined in accordance with Accounting Requirements.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Enhancement" means, with respect to any Obligation, the provision of an insurance policy, letter of credit, surety bond or any other undertaking, whereby the provider thereof becomes unconditionally obligated to pay when due, to the extent not paid by the Borrower or otherwise, the principal of and interest on such Obligation or on another obligation the payment on which is (i) secured by such Obligation or (ii) credited against the principal and interest due on such Obligation.

"Credit Enhancer" means any Person that, pursuant to the Indenture or a Supplemental Indenture, is designated as a Credit Enhancer and which provides Credit Enhancement.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Credit Extension" has the meaning set forth in Section 4.02.

"Debtor Relief Law" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Lender" means, subject to Section 2.19(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the Issuing Lender, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent, the Issuing Lender or the Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.19(b)) upon delivery of written notice of such determination to the Borrower, the Issuing Lender, the Swingline Lender and each Lender.

"Defeasance Securities" means and includes any of the following securities, if and to the extent the same are not subject to redemption or call prior to maturity by anyone other than the holder thereof and are at the time legal for investment of the Borrower's funds:

(a) 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;

(b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date

or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, and (iv) which at the time of their purchase hereunder are assigned the highest rating by all nationally recognized statistical rating organizations (as designated by the SEC) then rating such Defeasance Securities; provided that at least one such organization is then rating such Defeasance Securities; and

(c) any certificates or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in paragraph (a) or (b) above.

"Dollars" or "$" refers to lawful money of the United States of America.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 9.04(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 9.04(b)(iii)).

"Environmental Claim" means, with respect to any Person, any written or oral notice, claim, demand or other communication (collectively, a "claim") by any other Person alleging or asserting such Person's liability for investigatory costs, cleanup costs, governmental

response costs, damages to natural resources or other property, personal injuries, fines or penalties arising out of, based on or resulting from (i) the presence, or Release into the environment, of any Hazardous Material at any location, whether or not owned by such Person, or (ii) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law. The term "Environmental Claim" shall include, without limitation, any claim by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and any claim by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the presence of Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

"Environmental Law" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, judicial rulings, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, now or hereafter in effect, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material, or noise control, or the protection of human health, safety, natural resources, or the environment, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq. ("CERCLA").

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower or a Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) the occurrence of any "reportable event" with respect to a Plan, as defined in Section 4043 of ERISA or the regulations issued thereunder (other than an event for which the 30-day notice period is waived); (b) the determination that any Plan is, or is reasonably expected to be, an "at-risk" plan within the meaning of Section 430 of the Code or Section 303 of ERISA; (c) the failure by the Borrower or any ERISA Affiliate to make a required contribution to any Plan that results in, or would be reasonably expected to result in, the imposition of a lien or other encumbrance or the provision of security under Section 430 of the Code or Section 303 or 4068 of ERISA; (d) the failure by the Borrower or an ERISA Affiliate to satisfy the minimum funding standard with respect to any Plan under Section 412 of the Code or Section 302 of ERISA; (e) the Borrower or an ERISA Affiliate filing an application for a waiver

of the minimum funding standard with respect to any Plan pursuant to Section 412(d) of the Code or Section 303(d) of ERISA; (f) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4008 of ERISA; (g) the receipt by the Borrower or any ERISA Affiliate from the PBGC of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan; (h) the incurrence by the Borrower or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Multiemployer Plan; or (i) the receipt by the Borrower or any ERISA Affiliate of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.17(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.15, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.15(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Credit Facility" means the $300,000,000.00 revolving line of credit facility evidenced by that certain Credit Agreement, dated as of November 17, 2010, between the Borrower, the lenders party thereto and CFC, as administrative agent.

"Facility Fees" means the fees paid by the Borrower pursuant to Section 2.10(a).

"Facility Fee Percentage" means, for any day, the rate per annum set forth below opposite the applicable Unsecured Credit Rating of the Borrower then in effect, in the column labeled "Facility Fee Percentage" below:

Level	S&P Unsecured Credit Rating	Moody's Unsecured Credit Rating	Fitch Unsecured Credit Rating	Facility Fee Percentage

I	≥ A+	≥ A1	≥ A+	0.075%
II	A	A2	A	0.100%
III	A-	A3	A-	0.125%
IV	BBB+	Baa1	BBB+	0.150%
V	BBB	Baa2	BBB	0.175%
VI	≤ BBB-	≤ Baa3	≤ BBB-	0.250%

If the Borrower has a Secured Credit Rating, but not an Unsecured Credit Rating, from any such rating agency, for purposes of determining the Facility Fee Percentage, the Unsecured Credit Rating of the Borrower from such rating agency shall be deemed to be one level less than the level corresponding to the Secured Credit Rating from such rating agency.

The Facility Fee Percentage shall, in each case, be determined and adjusted (i) any time after the date of any credit rating agency report setting forth a new and increased or decreased credit rating for the Borrower and (ii) on the date that the Borrower ceases to have any credit rating from any of S&P, Moody's or Fitch (each such adjustment date, a "Determination Date"). Such Facility Fee Percentage shall be effective from such Determination Date until the next such Determination Date.

If the Borrower is rated by only one of Moody's, S&P or Fitch, the level of that rating shall be the applicable level. If the Borrower's Unsecured Credit Ratings fall within different levels in the above table, the Facility Fee Percentage shall be determined as follows: (a) if the Borrower is rated by two such rating agencies, the highest rating level shall be the applicable level, unless there is more than one pricing level between those two ratings, in which case the Facility Fee Percentage shall be the level immediately below the highest credit rating, and (b) if the Borrower is rated by three such rating agencies, the level of two of the same level of Unsecured Credit Ratings shall be the applicable level or, if each of the Unsecured Credit Ratings is in a different level, the level which is the middle of the three Unsecured Credit Ratings shall be the applicable level.

If the Borrower does not have an Unsecured Credit Rating or a Secured Credit Rating from at least one of the rating agencies set forth above on any Determination Date, the Facility Fee Percentage shall be pricing level VI.

References to ratings in the table above are references to rating categories as determined by the rating agencies as of the Effective Date and in the event of adoption of any new or changed rating system by any such rating agency, each of the ratings from the rating agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as in effect on the Effective Date.

The applicable pricing level for the Facility Fee Percentage, as of the Effective Date, is pricing level II.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not

materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three (3) Federal funds brokers of recognized standing selected by it.

"FERC" means the Federal Energy Regulatory Commission, or any agency or other governmental body succeeding to the functions thereof.

"FIN 46" means Financial Accounting Standards Board Interpretation No. 46(R), "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51," as amended, supplemented or modified from time to time and any successor or replacement interpretation.

"Fitch" means Fitch Ratings, Ltd.

"Foreign Lender" means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

"Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to the Issuing Lender, such Defaulting Lender's Applicable Percentage of the outstanding LC Exposure with respect to Letters of Credit issued by the Issuing Lender other than LC Exposure as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swingline Lender, such Defaulting Lender's Applicable Percentage of outstanding Swingline Loans made by the Swingline Lender other than Swingline Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders.

"Fuel Supply Agreements" means (a) the Agreement for the Sale and Purchase of Natural Gas between the Borrower and Municipality of Anchorage, dba Municipal Light and Power (previously ConocoPhillips Alaska, Inc. and ConocoPhillips, Inc.), effective August 21, 2009; (b) Gas Sale and Purchase Agreement between the Borrower and Hilcorp Alaska, LLC, effective September 10, 2013, as amended; (c) Agreement between the Borrower and Cook Inlet Energy, Inc., effective December 2, 2013; (d) Gas Sale and Purchase Agreement between the Borrower and Aurora Gas, LLC, effective October 1, 2015; (e) Gas Sale and Purchase Agreement between the Borrower and AIX Energy, LLC, effective April 1, 2016; and (f) any material agreements relating to the supply of fuel entered into by the Borrower after the date hereof.

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"GAAP" means generally accepted accounting principles in the United States of America set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, consistently applied and as in effect from time to time.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies with jurisdiction over the matter in question, such as the European Union or the European Central Bank).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, and infectious or medical wastes; any mold or fungus defined by Environmental Law to be of a type reasonably expected to pose an unacceptable risk to human health; and all other substances, materials or wastes of any nature that are listed pursuant to or subject to regulation under any Environmental Law.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"Holder" when used with respect to any Obligation means the Person in whose name such Obligation is registered in the Obligation Register.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitee" has the meaning set forth in Section 9.03(b).

"Indenture" means the Second Amended and Restated Indenture, dated as of January 20, 2011, between Chugach Electric Association, Inc., and U.S. Bank National Association, as Trustee, as the same has been amended and supplemented prior to the date hereof, and as the same may hereafter be amended and supplemented.

"Interest Charges" for any period means the total interest charges (other than capitalized interest charges) of the Borrower for such period on (i) all Outstanding Debt Obligations and (ii) all other obligations of the Borrower (other than Subordinated Debt) to repay borrowed money (including Borrower's obligations under the Loan Documents and the Loans) or to pay the deferred purchase price for property or services, in all cases including amortization of debt discount and premium on issuance but excluding the interest component attributable to any capitalized lease or similar agreement.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.06.

"Interest Payment Date" means (a) with respect to any Revolving ABR Loan, each Quarterly Date, (b) with respect to any LIBO Loan, the last day of each Interest Period therefor and, in the case of any Interest Period of more than three (3) months' duration, each day prior to the last day of such Interest Period that occurs at three-month intervals after the first day of such Interest Period and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means, for any LIBO Loan or Borrowing, the period commencing on the date of such Loan or Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as specified in the applicable Borrowing Request or Interest Election Request; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Loan initially shall be the date on which such Loan is made and thereafter shall be the effective date of the most recent conversion or continuation of such Loan, and the date of a Revolving Borrowing comprising Loans that have been converted or continued shall be the effective date of the most recent conversion or continuation of such Loans.

"Investment" means, for any Person: (a) the acquisition (whether for cash, property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership, limited liability company or other ownership interests or other securities of any other Person or any agreement to make any such acquisition (including any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such property to such Person), but excluding any such advance, loan or extension of credit having a term not exceeding 90 days arising in connection with sales by such Person in the ordinary course of business; (c) the entering into of any Guarantee of, or other contingent obligation with respect to, Indebtedness or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to such Person; or (d) the entering into of any Hedging Agreement.

"IRS" means the United States Internal Revenue Service.

"Issuing Lender" means, individually and collectively, each of (a) CFC, in its capacity as an issuer of Letters of Credit hereunder, (b) KeyBank National Association, in its capacity as an issuer of Letters of Credit hereunder, (c) Bank of America, N.A., in its capacity as an issuer of Letters of Credit hereunder, and (d) any other Lender chosen by the Borrower to issue Letters of Credit hereunder, but only to the extent such Lender (other than CFC, KeyBank National Association or Bank of America, N.A.) agrees in its sole discretion to be an Issuing Lender, and any successor to CFC, KeyBank National Association, Bank of America, N.A. or such Lender as provided in Section 2.04(j). At any time there is more than one Issuing Lender, all singular references to the Issuing Lender shall mean any Issuing Lender, either Issuing Lender, each Issuing Lender, the Issuing Lender that has issued the applicable Letter of Credit, or both (or all) Issuing Lenders, as the context may require.

"Issuing Lender Sublimit" means, with respect to any Issuing Lender, the aggregate stated amount of all Letters of Credit that such Issuing Lender agrees to issue, as modified from time to time pursuant to an agreement signed by such Issuing Lender. With

respect to (i) each Lender that is an Issuing Lender on the date hereof, such Issuing Lender's Issuing Lender Sublimit is listed on Schedule II, and (ii) any Lender that becomes an Issuing Lender after the date hereof, such Lender's Issuing Lender Sublimit will be the amount agreed between the Borrower and such Lender at the time that such Lender becomes an Issuing Lender, in each case, as such Issuing Lender Sublimit may be modified in accordance with the terms of this Agreement.

"LC Disbursement" means a payment made by the Issuing Lender pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lead Arranger" means CFC, as Lead Arranger hereunder.

"Lenders" means the Persons listed on Schedule I and any other Person that shall have become a Lender hereunder pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Lender Agreement" has the meaning set forth in Section 2.20(a)(iii).

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"Letter of Credit Documents" means, with respect to any Letter of Credit, collectively, any application therefor and any other agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (b) any collateral security for any of such obligations.

"LIBO", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"LIBO Applicable Margin" means, for any day, the rate per annum set forth below opposite the applicable Unsecured Credit Rating of the Borrower then in effect, in the column labeled "LIBO Applicable Margin" below:

Level	S&P Unsecured Credit Rating	Moody's Unsecured Credit Rating	Fitch Unsecured Credit Rating	LIBO Applicable Margin
I	≥ A+	≥ A1	≥ A+	0.875%
II	A	A2	A	0.900%
III	A-	A3	A-	1.000%

IV	BBB+	Baa1	BBB+	1.150%
V	BBB	Baa2	BBB	1.300%
VI	≤ BBB-	≤ Baa3	≤ BBB-	1.500%

If the Borrower has a Secured Credit Rating, but not an Unsecured Credit Rating, from any such rating agency, for purposes of determining the LIBO Applicable Margin, the Unsecured Credit Rating of the Borrower from such rating agency shall be deemed to be one level less than the level corresponding to the Secured Credit Rating from such rating agency.

The LIBO Applicable Margin shall, in each case, be determined and adjusted (i) any time after the date of any credit rating agency report setting forth a new and increased or decreased credit rating for the Borrower and (ii) on the date that the Borrower ceases to have any credit rating from any of S&P, Moody's or Fitch (each such adjustment date, a "LIBO Interest Determination Date"). Such LIBO Applicable Margin shall be effective from such LIBO Interest Determination Date until the next such LIBO Interest Determination Date. Each change in the LIBO Applicable Margin shall be applicable to all balances of LIBO Loans, including balances fixed prior to the date of the adjustment; provided, however that changes to the existing balances shall be applied prospectively only.

If the Borrower is rated by only one of Moody's, S&P or Fitch, the level of that rating shall be the applicable level. If the Borrower's Unsecured Credit Ratings fall within different levels in the above table, the LIBO Applicable Margin shall be determined as follows: (a) if the Borrower is rated by two such rating agencies, the highest rating level shall be the applicable level, unless there is more than one pricing level between those two ratings, in which case the LIBO Applicable Margin shall be the level immediately below the highest credit rating, and (b) if the Borrower is rated by three such rating agencies, the level of two of the same level of Unsecured Credit Ratings shall be the applicable level or, if each of the Unsecured Credit Ratings is in a different level, the level which is the middle of the three Unsecured Credit Ratings shall be the applicable level.

If the Borrower does not have an Unsecured Credit Rating or a Secured Credit Rating from at least one of the rating agencies set forth above on any LIBO Interest Determination Date, the LIBO Applicable Margin shall be pricing level VI.

References to ratings in the table above are references to rating categories as determined by the rating agencies as of the Effective Date and in the event of adoption of any new or changed rating system by any such rating agency, each of the ratings from the rating agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as in effect on the Effective Date.

The applicable pricing level for the LIBO Applicable Margin, as of the Effective Date, is pricing level II.

"LIBO Rate" means, for the Interest Period for any LIBO Borrowing, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person

that takes over the administration of such rate for Dollars for a period equal in length to such Interest Period) as displayed on page LIBOR01 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion) for deposits in Dollars at approximately 11:00 a.m. (London, England time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period and, if any such rate is below zero, the LIBO Rate will be deemed to be zero. If for any reason such rate is not available, the LIBO Rate shall be, for any Interest Period, the rate per annum reasonably determined by the Administrative Agent as the rate of interest at which Dollar deposits in the approximate amount of the LIBO Loan comprising part of such Borrowing would be offered by major banks in the London interbank eurodollar market to other major banks in the London interbank eurodollar market at their request at or about 10:00 a.m. two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period and, if any such rate is below zero, the LIBO Rate will be deemed to be zero.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means, collectively, this Agreement and the Letter of Credit Documents, each fee letter executed in connection with Sections 2.10(c), (d) and (e) hereof and all other promissory notes, agreements, amendments, notices, certificates and other instruments executed or delivered in connection with this Agreement or the Letter of Credit Documents.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Margin Stock" means "margin stock" within the meaning of Regulations T, U and X of the Board.

"Margins for Interest" means for any period, the assignable margins of the Borrower for such period, which shall include revenues of the Borrower, if any, subject to possible refund at a later date; provided, however, no deductions shall be made as a result of refunds ordered in a subsequent period; adjusted by:

(a) adding: (i) Interest Charges; (ii) the amount, if any, deducted in arriving at assignable margins on account of accruals of Federal income and other taxes imposed on income after deduction of Interest Charges for such period; (iii) the amount, if any, deducted in arriving at assignable margins on account of any losses incurred by any Subsidiary or Affiliate of the Borrower other than amounts deducted pursuant to clause (b)(ii) below; (iv) the amount, if any, the Borrower actually receives in such period as a dividend or other distribution of earnings of any Subsidiary or Affiliate (whether or not such earnings were for such period or any earlier period or periods) which amount has not otherwise been reflected as an increase in assignable

margins in such period or any earlier period or periods; and (v) the amount of any expenses or provisions for any non-recurring charge to income or margins or retained earnings of whatever kind or nature (including, without limitation, (X) the recognition of expense due to the non-recoverability of assets or expenses and (Y) the accelerated portion of the amortization of any deferred charges or regulatory assets carried on the books of the Borrower) that may have been deducted or otherwise taken into account in arriving at assignable margins whether or not recorded as a non-recurring charge in the Borrower's books of account; and

(b) subtracting: (i) the amount, if any, added in arriving at assignable margins on account of any income, gain, earnings or profits of any Subsidiary or Affiliate of the Borrower other than amounts added pursuant to clause (a)(iv) above; and (ii) the amount, if any, the Borrower actually contributes to the capital of, or actually pays under a guarantee or like agreement by the Borrower of an obligation of, any Subsidiary or Affiliate in such period, to the extent of any accumulated losses incurred by such Subsidiary or Affiliate (whether or not such losses were for such period or any earlier periods), but only to the extent (X) such losses have not otherwise caused other contributions or payments to be subtracted from assignable margins for purposes of computing Margins for Interest for a prior period and (Y) such amount has not otherwise been subtracted from assignable margins.

Margins for Interest shall be determined in accordance with Accounting Requirements; provided, however, that such determination shall be made on the Borrower only and not on a consolidated basis.

"Material Adverse Effect" means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material adverse change or a material adverse effect on (a) the ability of the Borrower to pay any amounts due, or to otherwise perform any of its obligations, under this Agreement or any of the other Loan Documents, or (b) the rights of or benefits available to any Lender or the Administrative Agent under this Agreement or any of the other Loan Documents.

"Material Indebtedness" means, collectively, (a) any Indebtedness secured by the Indenture and (b) any Indebtedness (other than the Loans and Letters of Credit), and obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower, in an aggregate principal amount exceeding $15,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower in respect of any Hedging Agreement at any time shall be the maximum amount (giving effect to netting arrangements) that the Borrower would be required to pay if such Hedging Agreement were terminated at such time.

"Maturity Date" means the date falling five (5) years after the Effective Date (which is June 13, 2021); provided that if such date is not a Business Day, the Maturity Date shall be the immediately preceding Business Day.

"Maximum Rate" has the meaning assigned to such in Section 9.15.

"Member" means each holder of a membership or other equity interest in the Borrower.

"Minimum Collateral Amount" means, at any time, with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 101% of the Fronting Exposure of the Issuing Lender with respect to Letters of Credit issued and outstanding at such time.

"Moody's" means Moody's Investors Service, Inc. or any successor or assignee of the business of such company in the business of rating securities and loans.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA which (i) the Borrower or any ERISA Affiliate maintains, administers, contributes to or is required to contribute to, and (ii) covers any employee or former employee of the Borrower or any ERISA Affiliate.

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all affected Lenders in accordance with the terms of Section 9.02 and (b) has been approved by the Required Lenders.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Note" means a promissory note made by the Borrower payable to the order of any Lender or the Swingline Lender, substantially in the form of Exhibit C.

"Notice of Requested Commitment Increase" has the meaning set forth in Section 2.20(a)(i).

"Obligations" has the meaning stated in the recitals of the Indenture and includes any Obligation authenticated and delivered thereunder after the date thereof.

"Obligation Register" means the register the Borrower keeps at one of the offices or agencies maintained by the Borrower as provided in the Indenture in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of Obligations and registration of transfers of Obligations.

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.17(b)).

"Outstanding" when used with respect to Obligations means, as of the date of determination, all Obligations authenticated and delivered under the Indenture, except:

(a) Obligations, or any portion thereof, theretofore cancelled by the Trustee or delivered to the Trustee for cancellation or delivered to the Trustee marked cancelled, satisfied or otherwise evidenced to the Trustee's satisfaction as paid (and which amount may not be re-advanced);

(b) Obligations for whose payment or redemption money or Defeasance Securities in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Borrower) in trust, for the Holders of such Obligations, provided, that, if such Obligations are to be redeemed, or prepaid, irrevocable notice of such redemption or prepayment has been duly given or other provision therefor satisfactory to the Trustee has been made;

(c) Obligations which have been paid pursuant to Section 3.8 of the Indenture or in exchange for or in lieu of which other Obligations have been authenticated and delivered pursuant to the Indenture, other than any such Obligations in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Obligations are held by a bona fide purchaser in whose hands such Obligations are valid obligations of the Borrower; and

(d) Obligations which have not been sold, pledged or subjected to a security interest and have been surrendered to the Trustee, or which a portion thereof has not been advanced and with respect to such portion either (i) any commitment to advance thereunder has terminated, or (ii) no commitment to advance exists;

provided, however, that in determining whether the Holders of the requisite principal amount of Obligations Outstanding or the Obligations Outstanding of a series, as the case may be, have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Obligations owned by the Borrower or any other obligor upon the Obligations or any Affiliate of the Borrower or of such other obligor (unless the Borrower, such obligor and such Affiliate or Affiliates own all Obligations Outstanding under the Indenture, or as to matters relating solely to a particular series all Obligations Outstanding of such series, as the case may be, determined without regard to this proviso) shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Obligations which are registered in the name of the Borrower, an Affiliate of the Borrower, another obligor on such Obligations (other than a Credit Enhancer) or an Affiliate of such obligor of which the Trustee has been given written notice shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledge

establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Obligations and that the pledgee is not the Borrower or any other obligor upon the Obligations or any Affiliate of the Borrower or of such other obligor. For purposes of the definition of "Outstanding," no Credit Enhancer shall be an obligor upon the Obligations.

"Outstanding Debt Obligations" means, as of the date of determination, (i) all Obligations then Outstanding other than Obligations then owned by the Borrower or any wholly-owned Subsidiary and held in its treasury and (ii) all Obligations if any, alleged to have been destroyed, lost or stolen which have been replaced or paid as provided in Section 3.8 of the Indenture but whose ownership and enforceability by the Holder thereof have been established by a court of competent jurisdiction or other competent tribunal or otherwise established to the satisfaction of the Borrower and the Trustee.

"Participant" has the meaning assigned to such term in Section 9.04(e).

"Participant Register" has the meaning specified in Section 9.04(e).

"Patriot Act" has the meaning assigned to such term in Section 3.18.

"Paying Agent" means the Borrower and any bank or trust company organized under the laws of the United States or any state of the United States and having a combined capital and surplus of not less than $100 million which is authorized by the Borrower to pay the principal of (and premium, if any) or interest on any Obligations on behalf of the Borrower.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within two (2) years from the date of acquisition thereof;

(b) investments in commercial paper maturing within 364 days from the date of acquisition thereof and having, at such date of acquisition, a credit rating of at least "A1" from S&P, "P1" from Moody's, or "F1" by Fitch;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 180 days for securities described in clause (a) of this definition and entered into with a financial institution satisfying the criteria described in clause (c) of this definition; and

(e) purchase or other acquisition of CFC Capital Term Certificates and of CoBank Equity Interests.

"Person" means any natural person, corporation, cooperative, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, which (i) the Borrower or any ERISA Affiliate maintains, administers, contributes to or is required to contribute to, and (ii) covers any employee or former employee of the Borrower or any ERISA Affiliate.

"Platform" has the meaning set forth in Section 9.01(d).

"Prime Rate" means the rate of interest per annum published from time to time as the "Prime Rate" by The Wall Street Journal (New York City edition), or, if The Wall Street Journal ceases publishing a "Prime Rate", any successor publication selected by the Administrative Agent in its reasonable discretion; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. The "Prime Rate" published by The Wall Street Journal or any such successor publication is a reference rate and does not necessarily represent the lowest or best rate charged by financial institutions to their customers. The Lenders may make commercial loans or other loans at rates of interest at, above or below the "Prime Rate" published by The Wall Street Journal or any such successor publication.

"Prudent Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period; or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time a decision was made, could have been expected to accomplish the desired result consistent with good business practices. Prudent Utility Practice (i) is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be any and all acceptable practices, methods or acts generally accepted, and (ii) is intended, with respect to any particular practice, method or act, to relate to similar practices, methods or acts.

"Quarterly Date" means the last Business Day of each March, June, September and December in each year, the first of which shall be the first such day after the date hereof.

"RCA" means the Regulatory Commission of Alaska.

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) the Issuing Lender, as applicable.

"Register" has the meaning set forth in Section 9.04(c).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Materials into the indoor or outdoor environment, including the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata.

"Removal Effective Date" has the meaning set forth in Section 8.06(b).

"Required Lenders" means, at any time, Lenders having Credit Exposures and unused Commitments representing more than 50% of the sum of the total Credit Exposures and the unused Commitments at such time. The Credit Exposure and the Commitment of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Resignation Effective Date" has the meaning set forth in Section 8.06(a).

"Responsible Officer" means the (i) Chief Executive Officer or the (ii) Chief Financial Officer of the Borrower (or Persons holding equivalent positions at the Borrower).

"Revolving Borrowing" means a borrowing consisting of simultaneous Revolving Loans of the same Type and, in the case of LIBO Loans, having the same Interest Period, made by each of the Lenders pursuant to Section 2.01.

"Revolving Loans" means the Loans made pursuant to Section 2.01.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (and a division and subsidiary of McGraw Hill Companies, Inc.), or any successor or assignee of the business of such division in the business of rating securities.

"Sanctioned Entity" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government or (d) a Person resident in or determined to be resident in a country, in each case that is subject to a country sanctions program administered and enforced by OFAC.

"Sanctioned Person" means a person named on the list of Specially Designated Nationals maintained by OFAC.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (i) the U.S. government, including those administered by OFAC, the U.S. Department of State, the U.S. Department of Commerce or the U.S. Department of Treasury, (ii) the United Nations Security Council, (iii) the European Union or (iv) Her Majesty's Treasury of the United Kingdom.

"SEC" means the Securities and Exchange Commission, or any agency or other Governmental Authority succeeding to the functions thereof.

"Secured Credit Rating" means, for any Person, the long-term, senior, secured, non-credit enhanced debt ratings assigned to such Person by Moody's, S&P or Fitch, as applicable.

"Solvent" means, with respect to any Person on a particular date, that (i) the fair value of the total assets of such Person is greater than the total amount of the liabilities, including contingent liabilities, of such Person, (ii) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, and (iv) such Person is not engaged in business, and is not about to engage in business, for which such Person's property would constitute unreasonably small capital for a generation and transmission cooperative with similar power supply obligations.

"Statutory Reserve Rate" means, for the Interest Period for any LIBO Borrowing, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the arithmetic mean, taken over each day in such Interest Period, of the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which any Lender is subject for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. LIBO Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordinated Debt" means any obligation of the Borrower to repay borrowed money, or to pay the deferred purchase price for property or services, with respect to which (i) any payment by or for the account of the Borrower would, in the event of a bankruptcy, reorganization or liquidation of the Borrower, be subordinated to payment of the principal of, and interest and premium (if any) on, all Obligations then Outstanding, and (ii) the creditor is required not to accept payment from the Borrower, or to pay to the Trustee any amounts received by the creditor from or for the account of the Borrower, during any period following the creditor's receipt of notice of an "Event of Default" under the Indenture and prior to the curing of such "Event of Default".

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which are consolidated with those of the parent in the parent's consolidated financial statements or would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with Accounting Requirements as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date,

owned, Controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise specified, "Subsidiary" means a Subsidiary of the Borrower.

"Supplemental Indenture" means any indenture supplemental to the Indenture and duly authorized in the manner provided therein.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. Unless and until the Swingline Lender sends the notice described in Section 2.18(c), the Swingline Exposure of the Swingline Lender shall be 100%. The Swingline Exposure of any Lender that participates in a Swingline Loan at any time shall be its Applicable Percentage of the total aggregate outstanding amount of Swingline Loans at such time as to which the Swingline Lender has delivered the notice described in Section 2.18(c).

"Swingline Lender" means CFC, in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.18.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Transactions" means the execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents, the borrowing and repayment of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Trustee" means U.S. Bank National Association, as Trustee under the Indenture, and any successor in such capacity.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans constituting such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"Unsecured Credit Rating" means, for any Person, the long-term, senior, unsecured, non-credit enhanced debt ratings or issuer credit rating assigned to such Person by Moody's, S&P or Fitch, as applicable.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.15(g)(iii).

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withholding Agent" means the Borrower and the Administrative Agent.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.03. Accounting Terms; Accounting Requirements. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with Accounting Requirements, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in Accounting Requirements or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in Accounting Requirements or in the application thereof, then such provision shall be interpreted on the basis of Accounting Requirements as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. For purposes of calculating the covenants set forth in Section 6.07, the profits or losses of any Person shall be excluded if the accounts of such Person would be consolidated with those of the Borrower in the Borrower's consolidated financial statements, if such financial statements were prepared in accordance with GAAP, solely because of FIN 46.

Section 1.04. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (*e.g.*, a "Revolving Loan"), by Type (*e.g.*, an "ABR Loan") or by Class and Type (*e.g.*, a "Revolving ABR Loan"). Borrowings also

may be classified and referred to by Class (*e.g.*, a "Revolving Borrowing"), by Type (*e.g.*, an "ABR Borrowing") or by Class and Type (*e.g.*, a "Revolving ABR Borrowing").

ARTICLE II

THE CREDITS

Section 2.01. The Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrower on a revolving credit basis from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Credit Exposure exceeding such Lender's Commitment or (b) the total Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

Section 2.02. Loans and Borrowings.

(a) Obligations of Lenders. Each Revolving Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Type of Loans. Subject to Section 2.12, each Revolving Borrowing shall be constituted entirely of ABR Loans or of LIBO Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any LIBO Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) Minimum Amounts; Limitation on Number of Borrowings. Each Revolving Borrowing shall be in an aggregate amount of $5,000,000 or a larger multiple of $1,000,000; provided that a Revolving ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.04(f). Each Swingline Loan shall be in an amount not less than $10,000. Borrowings of more than one Class and Type may be outstanding at the same time; provided that there shall not at any time be more than a total of fifteen (15) LIBO Borrowings outstanding.

(d) Limitations on Interest Periods. Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request (or to elect to convert to or continue as a LIBO Borrowing) any Borrowing if the Interest Period requested therefor would end after the Maturity Date.

Section 2.03. Requests for Revolving Borrowings.

(a) Notice by the Borrower. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone, hand delivery, facsimile or by electronic communication (i) in the case of a LIBO Borrowing, not later than 11:00 a.m., New York City time, three (3) Business Days before the date of the proposed Borrowing or (ii) in the case of a Revolving ABR Borrowing, not later than 12:00 noon, New York City time, on the Business Day of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery, facsimile or electronic communication to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower, substantially in the form of Exhibit E.

(b) Content of Borrowing Requests. Each telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a LIBO Borrowing;

(iv) in the case of a LIBO Borrowing, the Interest Period therefor, which shall be a period contemplated by the definition of the term "Interest Period" and permitted under Section 2.02(d); and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which disbursement shall comply with the requirements of Section 2.05.

(c) Notice by the Administrative Agent to the Lenders. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

(d) Failure to Elect. If no election as to the Type of a Revolving Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested LIBO Borrowing, then the requested Borrowing shall be made instead as an ABR Borrowing.

Section 2.04. Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, in addition to the Revolving Loans, the Borrower may request the Issuing Lender to issue, subject to the terms of this Section, and the Issuing Lender shall issue, at any time and from time to time during the Availability Period, Letters of Credit for its own account in such form as is acceptable to the Issuing Lender in its reasonable determination and in an aggregate amount (whether drawn upon or not) that will not result in (i) the aggregate LC Exposure of the applicable Issuing Lender exceeding such Issuing Lender's Issuing Lender Sublimit (determined for these purposes without giving effect to the participations therein of the Lenders pursuant to paragraph (e) of this

Section), (ii) the aggregate LC Exposure exceeding $50,000,000 (determined for these purposes without giving effect to the participations therein of the Lenders pursuant to paragraph (e) of this Section) or (iii) the total Credit Exposures exceeding the total Commitments. Letters of Credit issued hereunder shall constitute utilization of the Commitments in an amount equal to the LC Exposure relating to such Letters of Credit.

(b) Notice of Issuance, Amendment, Renewal or Extension. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or facsimile (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Lender) to the Issuing Lender and the Administrative Agent at least three (3) Business Days prior to the proposed date for such issuance, amendment, renewal or extension a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (d) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Lender, the Borrower also shall submit a letter of credit application on the Issuing Lender's standard form in connection with any request for a Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(c) Limitations on Amounts. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the aggregate LC Exposure of the applicable Issuing Lender (determined for these purposes without giving effect to the participations therein of the Lenders pursuant to paragraph (e) of this Section) shall not exceed such Issuing Lender's Issuing Lender Sublimit, (ii) the aggregate LC Exposure (determined for these purposes without giving effect to the participations therein of the Lenders pursuant to paragraph (e) of this Section) shall not exceed $50,000,000 and (ii) the total Credit Exposures shall not exceed the total Commitments.

(d) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date twenty-four (24) months after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, twelve months after the then-current expiration date of such Letter of Credit, so long as such renewal or extension occurs within three months of such then-current expiration date), unless the Issuing Lender has, at its sole discretion, approved a later expiration date, and (ii) the date that is five (5) Business Days prior to the Maturity Date.

(e) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) by the Issuing Lender, and without any further action on the part of the Issuing Lender or the Lenders, the Issuing Lender hereby grants to each

Lender, and each Lender hereby acquires from the Issuing Lender, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments.

In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Lender, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Lender promptly upon the request of the Issuing Lender at any time from the time of such LC Disbursement until such LC Disbursement is reimbursed by the Borrower or at any time after any reimbursement payment is required to be refunded to the Borrower for any reason. Such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each such payment shall be made in the same manner as provided in Section 2.05 with respect to Loans made by such Lender (and Section 2.05 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Lender the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to the next following paragraph, the Administrative Agent shall distribute such payment to the Issuing Lender or, to the extent that the Lenders have made payments pursuant to this paragraph to reimburse the Issuing Lender, then to such Lenders and the Issuing Lender as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the Issuing Lender for any LC Disbursement shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Reimbursement. If the Issuing Lender shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse the Issuing Lender in respect of such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon, New York City time (or not later than 3:00 p.m., New York City time, if the Borrower shall have requested a Swingline Loan in accordance with Section 2.18 by 11:00 a.m. on the date such LC Disbursement is due in order to finance the reimbursement of an LC Disbursement), on (i) the Business Day that the Borrower receives notice of such LC Disbursement, if such notice is received prior to 10:00 a.m., New York City time, or (ii) the Business Day following the day that the Borrower receives such notice, if such notice is not received prior to such time; provided that, if such LC Disbursement is not less than $10,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with a Revolving ABR Borrowing or a Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Revolving ABR Borrowing or Swingline Loan.

If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof.

(g) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (f) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Lender under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit, and (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the Borrower's obligations hereunder.

Neither the Administrative Agent, the Lenders nor the Issuing Lender, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit by the Issuing Lender or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Lender; provided that the foregoing shall not be construed to excuse the Issuing Lender from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Lender's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that:

(i) the Issuing Lender may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit; and

(ii) the Issuing Lender shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit.

This Section 2.04(g) shall establish the standard of care to be exercised by the Issuing Lender when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by applicable law, any standard of care inconsistent with the foregoing).

(h) Disbursement Procedures. The Issuing Lender shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Lender shall promptly after such examination notify the Administrative Agent and the Borrower by telephone (confirmed by facsimile) of such

demand for payment and whether the Issuing Lender has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Lender and the Lenders with respect to any such LC Disbursement.

(i) Interim Interest. If the Issuing Lender shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to Revolving ABR Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (f) of this Section, then Section 2.11(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Lender, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Lender shall be for the account of such Lender to the extent of such payment.

(j) Replacement of the Issuing Lender. An Issuing Lender may be replaced at any time by written agreement between the Borrower, the Administrative Agent and the successor Issuing Lender and following notice to the Administrative Agent. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Lender. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Lender pursuant to Section 2.10(b). From and after the effective date of any such replacement, (i) the successor Issuing Lender shall have all the rights and obligations of the replaced Issuing Lender under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Lender" shall be deemed to refer to such successor or to any previous Issuing Lender, any other Issuing Lender or to such successor and all previous Issuing Lenders, as the context shall require. After the replacement of an Issuing Lender hereunder, the replaced Issuing Lender shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Lender under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(k) Cash Collateralization. If either (i) an Event of Default shall occur and be continuing and the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing more than 50% of the total LC Exposure) demanding the deposit of Cash Collateral pursuant to this paragraph, or (ii) the Borrower shall be required to provide cover for LC Exposure pursuant to Section 2.09(b), then the Borrower shall immediately deposit into a collateral account that is either (A) established and maintained on the books and records of the Administrative Agent or (B) designated by the Administrative Agent, which account may be a "securities account" (as defined in Section 8-501 of the Uniform Commercial Code as in effect from time to time in the State of New York), in the name of the Administrative Agent and for the benefit of the Lenders (such account a "Cash Collateral Account"), Cash Collateral in an amount equal to, in the case of an Event of Default, the LC Exposure as of such date plus any accrued and unpaid interest thereon and, in the case of cover pursuant to Section 2.09(b), the amount required under Section 2.09(b); provided that the obligation to deposit such Cash Collateral shall

become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in paragraph (i) or (j) of Article VII. Such deposit shall be held by the Administrative Agent as collateral for the LC Exposure under this Agreement, and for this purpose the Borrower hereby grants a security interest to the Administrative Agent for the benefit of the Lenders in such Cash Collateral Account and in any financial assets (as defined in the Uniform Commercial Code as in effect from time to time in the State of New York) or other property held therein. If at any time the Administrative Agent determines that such Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the Issuing Lender as herein provided, or that the total amount of such Cash Collateral is less than the amount required by this Section 2.04(k), the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

The Administrative Agent shall invest the funds from time to time held by it in the Cash Collateral Account described in the paragraph above in such overnight U.S. treasury or similar short-term instruments as are selected by the Borrower and approved by the Administrative Agent, and shall maintain records adequate to determine the interest from time to time earned on such funds. The Administrative Agent shall have no responsibility for any loss on any investments made by it with respect to the funds in such Cash Collateral Account. Interest and profits on investments will be credited to and retained in the Cash Collateral Account.

Section 2.05. Funding of Borrowings.

(a) Funding by Lenders. Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.18. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, on the date of receipt, in like funds, to an account designated by the Borrower in the applicable Borrowing Request; provided that Revolving ABR Borrowings made to finance the reimbursement of an LC Disbursement as provided in Section 2.04(f) shall be remitted by the Administrative Agent to the Issuing Lender.

(b) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.05(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Prime Rate and a rate determined by the Administrative Agent in accordance

with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to ABR Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Notwithstanding the foregoing, the Administrative Agent has no obligation to make any Loan funds available to the Borrower unless the Administrative Agent has received such funds from the Lenders in accordance with the terms hereof. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

Section 2.06. Interest Elections.

(a) Elections by the Borrower for Revolving Borrowings. The Loans constituting each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a LIBO Borrowing, shall have the Interest Period specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a Borrowing of a different Type or to continue such Borrowing as a Borrowing of the same Type and, in the case of a LIBO Borrowing, may elect the Interest Period therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans constituting such Borrowing, and the Loans constituting each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) Notice of Elections. To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone, hand delivery, facsimile or by electronic communication by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery, facsimile or electronic communication to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower, substantially in the form of Exhibit F.

(c) Content of Interest Election Requests. Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) of this paragraph shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a LIBO Borrowing; and

(iv) if the resulting Borrowing is a LIBO Borrowing, the Interest Period therefor after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period" and permitted under Section 2.02(d).

(d) Notice by the Administrative Agent to the Lenders. Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) Failure to Elect; Events of Default. If the Borrower fails to deliver a timely and complete Interest Election Request with respect to a LIBO Borrowing prior to the end of the Interest Period therefor, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to a LIBO Borrowing with an Interest Period of one month; provided, however, if the Maturity Date shall occur within one month after the end of any such Interest Period, such Borrowing shall be converted to a Revolving ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a LIBO Borrowing and (ii) unless repaid, each LIBO Borrowing shall be converted to a Revolving ABR Borrowing at the end of the Interest Period therefor.

Section 2.07. Termination and Reduction of the Commitments.

(a) Scheduled Termination. Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) Voluntary Termination or Reduction. The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments pursuant to this Section shall be in an amount that is $10,000,000 or a larger multiple of $1,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.09, the total Credit Exposures would exceed the total Commitments of all Lenders in effect after giving effect to such termination or reduction.

(c) Notice of Voluntary Termination or Reduction. The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least five (5) calendar days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower

may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

(d) Effect of Termination or Reduction. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

Section 2.08. Repayment of Loans; Evidence of Debt.

(a) Repayment. The Borrower hereby unconditionally promises to pay the Loans as follows:

(i) to the Administrative Agent for the account of the Lenders the outstanding principal amount of the Revolving Loans on the Maturity Date, and

(ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the date that is the fifth (5^{th}) Business Day after the date such Swingline Loan is made.

Unless otherwise specified herein or in any other Loan Document, all principal, interest and other amounts outstanding under any Loan Document shall be due and payable on the Maturity Date.

(b) Manner of Payment. Prior to any repayment of any Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be paid and shall notify the Administrative Agent by telephone (confirmed by facsimile or electronic communication) or electronic communication of such selection (i) in the case of repayment of a LIBO Borrowing, not later than 11:00 a.m., New York City time, three (3) Business Days before the date of such repayment, (ii) in the case of repayment of a Revolving ABR Borrowing, not later than 11:00 a.m., New York City time, one (1) Business Day before the date of such repayment or (iii) in the case of repayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of such repayment. If the Borrower fails to make a timely selection of the Borrowing or Borrowings to be repaid, such payment shall be applied, first, to pay any outstanding ABR Borrowings and, second, to other Borrowings in the order of the remaining duration of their respective Interest Periods (the Borrowing with the shortest remaining Interest Period to be repaid first). Each payment of a Revolving Borrowing shall be applied ratably to the Loans included in such Borrowing.

(c) Maintenance of Records by Lenders. Each Lender shall maintain in accordance with its usual practice records evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(d) Maintenance of Records by the Administrative Agent. The Administrative Agent shall maintain records in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and each Interest Period therefor, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each

Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(e) Effect of Entries. The entries made in the records maintained pursuant to paragraph (c) or (d) of this Section shall, absent manifest error, be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(f) Promissory Notes. Any Lender may request that Revolving Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns), substantially in the form of Exhibit C. Thereafter, the Revolving Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns). The Swingline Lender may similarly request that Swingline Loans made by it be evidenced by a promissory note that shall be in the form of Exhibit C, but conformed to evidence Swingline Loans rather than Revolving Loans, in which case the preceding sentence shall, mutatis mutandis, be applicable to Swingline Loans.

Section 2.09. Prepayment of Loans.

(a) Optional Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Agreement, including, without limitation, payment of any breakage costs pursuant to Section 2.14.

(b) Mandatory Prepayments. The Borrower will prepay the Loans (and, in the case of clause (i) below, the Commitments shall be subject to automatic termination), as follows:

(i) Change in Control. Upon the occurrence of a Change in Control of the Borrower, the Borrower shall prepay the entire principal of and interest on the Loans (and either (A) procure the termination of any outstanding Letters of Credit or (B) provide cover for the entire amount of LC Exposure as specified in Section 2.04(k) until such time as such outstanding Letters of Credit are terminated), and the entire amount of the Commitments shall be automatically terminated.

(ii) Excess Exposure. If at any time the total Credit Exposure exceeds the aggregate Commitments, the Borrower shall prepay the Revolving Loans or Swingline Loans in an amount equal to the excess of the total Credit Exposure over the total aggregate Commitments. If after prepayment in full of the outstanding Revolving Loans and Swingline Loans the total Credit Exposure still exceeds the total aggregate Commitments, the Borrower shall provide Cash Collateral for LC Exposure as specified in Section 2.04(k) in an amount equal to the excess of the total Credit Exposure over the aggregate Commitments.

(c) Notices, Etc. The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by facsimile or electronic communication) or electronic communication of any prepayment hereunder (i) in the case of prepayment of a LIBO Borrowing, not later than 11:00 a.m., New York City time, three (3) Business Days before the date of such prepayment, (ii) in the case of prepayment of a Revolving ABR Borrowing, not later than 11:00 a.m., New York City time, one (1) Business Day before the date of such prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of such prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.07, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.07. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.11. If the Borrower fails to make a timely selection of the Borrowing or Borrowings to be prepaid, such prepayment shall be applied, first, to pay any outstanding ABR Borrowings and, second, to other Borrowings in the order of the remaining duration of their respective Interest Periods (the Borrowing with the shortest remaining Interest Period to be prepaid first). Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in such Borrowing.

Section 2.10. Fees.

(a) Facility Fee. The Borrower agrees to pay to the Administrative Agent for the ratable account of each Lender, a Facility Fee, which shall accrue at a rate equal to the applicable Facility Fee Percentage in effect on the daily amount of the Commitment of such Lender during the period from and including the date hereof to but excluding the earlier of the date such Commitment terminates and the Maturity Date. Accrued Facility Fees shall be payable in arrears on each Quarterly Date and on the earlier of the date the Commitments terminate and the Maturity Date, commencing on the first such date to occur after the date hereof. The Facility Fee shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Letter of Credit Fees. The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to such Lender's participations in Letters of Credit, which shall accrue at a rate equal to the applicable LIBO Applicable Margin in effect on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, (ii) to the Issuing Lender a fronting fee, which shall accrue at the rate of 0.100% (or 10.0 bps) per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the

Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure and (iii) the Issuing Lender's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including each Quarterly Date shall be payable on each Quarterly Date, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Lender pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) Upfront Fee. The Borrower agrees to pay to the Lenders a certain non-refundable, one-time fee, on the Effective Date, as separately agreed upon by the Borrower and the Lead Arranger.

(d) Administrative Agent Fees. The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(e) Lead Arranger Fees. The Borrower agrees to pay to the Lead Arranger, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Lead Arranger.

(f) Payment of Fees. All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Lender, in the case of fees payable to it) for distribution, in the case of Facility Fees and participation fees described in Section 2.10(b), to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

Section 2.11. Interest.

(a) ABR Loans and Swingline Loans. The Loans constituting each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus the ABR Applicable Margin. Swingline Loans shall bear interest at a rate per annum equal to the CFC Line of Credit Rate.

(b) LIBO Loans. The Loans constituting each LIBO Borrowing shall bear interest at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period for such Borrowing plus the LIBO Applicable Margin.

(c) Default Interest. Notwithstanding the foregoing, (i) if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration, by mandatory prepayment or otherwise, such unpaid principal of and, to the extent permitted by law, such due and unpaid interest on the Loans and any other amounts unpaid under any other Loan Document shall bear interest, after as well as before judgment, and (ii) upon the occurrence and during the continuance of any other

Event of Default, all principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder shall bear interest, in each case, at a rate per annum equal to 2.00% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Payment of Interest. The Borrower hereby unconditionally promises to pay accrued interest on each Loan, which such interest shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Commitments and on the Maturity Date, as applicable; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of a Revolving ABR Loan prior to the termination of the Commitments or the Maturity Date), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any LIBO Borrowing prior to the end of the Interest Period therefor, accrued interest on such Borrowing shall be payable on the effective date of such conversion.

(e) Computation. All interest hereunder shall be computed on the basis of a year of three hundred sixty (360) days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of three hundred sixty-five (365) days (or three hundred sixty-six (366) days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.12. Alternate Rate of Interest. If prior to the commencement of the Interest Period for any LIBO Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their respective Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone, facsimile or electronic communication as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or the continuation of any Revolving Borrowing as, a LIBO Borrowing shall be ineffective and such Revolving Borrowing (unless prepaid) shall be continued as, or converted to, a Revolving ABR Borrowing and (ii) if any Borrowing Request requests a LIBO Borrowing, such Borrowing shall be made as a Revolving ABR Borrowing.

Section 2.13. Increased Costs; Illegality.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Adjusted LIBO Rate) or any Issuing Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any Issuing Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, the Issuing Lender or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, Issuing Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, Issuing Lender or other Recipient, the Borrower will pay to such Lender, Issuing Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, Issuing Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or the Issuing Lender determines that any Change in Law affecting such Lender or Issuing Lender or any lending office of such Lender or such Lender's or Issuing Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or Issuing Lender's capital or on the capital of such Lender's or Issuing Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by the Issuing Lender, to a level below that which such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Lender's policies and the policies of such Lender's or Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or Issuing Lender setting forth in commercially reasonable detail the amount or amounts necessary to

compensate such Lender or Issuing Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender or Issuing Lender, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuing Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or Issuing Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender or Issuing Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or Issuing Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Illegality. Notwithstanding any other provision of this Agreement, if a Change in Law shall make it unlawful, or any central bank or other Governmental Authority shall assert that it is unlawful, for any Lender to perform its obligations hereunder to make LIBO Loans or to continue to fund or maintain LIBO Loans hereunder, then, on notice thereof and demand therefor by such Lender to the Borrower through the Administrative Agent, (i) each LIBO Loan will automatically, upon such demand, convert into an ABR Loan and (ii) the obligation of the Lenders to make, or to convert Loans into, LIBO Loans shall be suspended until the Administrative Agent shall notify the Borrower that such Lender has determined that the circumstances causing such suspension no longer exist.

Section 2.14. Break Funding Payments. In the event of (a) the payment of any principal of any LIBO Loan other than on the last day of an Interest Period therefor (including as a result of an Event of Default), (b) the conversion of any LIBO Loan other than on the last day of an Interest Period therefor, (c) the failure to borrow, convert, continue or prepay any LIBO Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.09(c) and is revoked in accordance herewith), or (d) the assignment as a result of a request by the Borrower pursuant to Section 2.17(b) of any LIBO Loan other than on the last day of an Interest Period therefor, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event.

In the case of a LIBO Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender (or an Affiliate of such Lender) would bid were it to bid, at the commencement of such period, for Dollar deposits of a comparable amount and period from other banks in the eurodollar market.

A certificate of any Lender setting forth in commercially reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

Section 2.15. Taxes.

(a) Defined Terms. For purposes of this Section, the term "Lender" includes the Issuing Lender and the term "applicable law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(e) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable

expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 2.15(e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 2.15, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.15(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of

interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit H-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-2 or Exhibit H-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code)

and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.15 (including by the payment of additional amounts pursuant to this Section 2.15), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 2.15 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 2.16. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Payments by the Borrower. The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or under Section 2.13, 2.14, 2.15 or 9.03 or under Article VIII, or otherwise) or under any other Loan Document (except to the extent otherwise provided therein) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for

purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent in such manner and place as shall from time to time be specified by the Administrative Agent, except as otherwise expressly provided in the relevant Loan Document and except payments to be made directly to the Issuing Lender or the Swingline Lender as expressly provided herein and payments pursuant to Section 2.13, 2.14, 2.15 or 9.03 or Article VIII, which shall be made directly to the Persons entitled thereto pursuant to instructions provided to the Borrower by such Person. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder or under any other Loan Document (except to the extent otherwise provided therein) shall be made in Dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, to pay all fees, expense reimbursements, indemnities and all other sums due and payable to the Administrative Agent in its capacity as Administrative Agent and not as a Lender hereunder, (ii) second, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (iii) third, to pay principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) Pro Rata Treatment. Except to the extent otherwise provided herein: (i) each Revolving Borrowing shall be made from the Lenders, each payment of Facility Fees under Section 2.10 shall be made for the account of the Lenders, and each termination or reduction of the amount of the Commitments under Section 2.07 shall be applied to the respective Commitments of the Lenders, pro rata according to the amounts of their respective Commitments; (ii) each Revolving Borrowing shall be allocated pro rata among the Lenders according to the amounts of their respective Commitments (in the case of the making of Revolving Loans) or their respective Loans that are to be included in such Borrowing (in the case of conversions and continuations of Loans); (iii) each payment or prepayment of principal of Revolving Loans by the Borrower shall be made for the account of the Lenders pro rata in accordance with the respective unpaid principal amounts of the Revolving Loans held by them; and (iv) each payment of interest on Revolving Loans by the Borrower shall be made for the account of the Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders.

(d) Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (i) notify the Administrative Agent of such fact, and (ii) purchase (for cash at face value) participations in the Loans and such other obligations of the

other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

(A) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(B) the provisions of this paragraph shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(e) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Lender, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Prime Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) Certain Deductions by the Administrative Agent. If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(e), Section 2.05(a), Section 2.16(e), Section 2.18(c), or Section 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.17. Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.13, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.15, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 2.17(a), or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.04), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.13 or Section 2.15) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 9.04;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.14) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 2.18. Swingline Loans.

(a) Agreement to Make Swingline Loans. Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $25,000,000 or (ii) the total Credit Exposures exceeding the total Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) Notice of Swingline Loans by the Borrower. To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by facsimile or electronic communication) or electronic communication, not later than 11:00 a.m., New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swingline Lender or such other account specified by the Borrower to the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.04(f), by remittance to the Issuing Lender) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) Participations by Lenders in Swingline Loans. The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice to the Administrative Agent shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above in this paragraph, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.05 with respect to Loans made by such Lender (and Section 2.05 shall

apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

Section 2.19. Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Lender or Swingline Lender hereunder; *third*, to Cash Collateralize the Issuing Lender's LC Exposure with respect to such Defaulting Lender in accordance with Section 2.19(d); *fourth*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Lender's future LC Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.19(d); *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lender or Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Lender or Swingline Lender

against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in LC Obligations and Swingline Loans are held by the Lenders pro rata in accordance with the Commitments without giving effect to Section 2.19(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.19(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any Facility Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive letter of credit fees payable under Section 2.10(b) for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.19(d).

(C) With respect to any Facility Fee or letter of credit fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in LC Exposure or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the Issuing Lender and Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the Issuing Lender's or

Swingline Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in LC Exposure and Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. Subject to Section 9.16, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, prepay Swingline Loans in an amount equal to the Swingline Lenders' Fronting Exposure and (y) second, Cash Collateralize the Issuing Lender's Fronting Exposure in accordance with the procedures set forth in Section 2.19(d).

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, the Swingline Lender and the Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held pro rata by the Lenders in accordance with the Commitments (without giving effect to Section 2.19(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) the Issuing Lender shall not be required to issue, extend, renew or increase any

Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

(d) Cash Collateral. At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent or the Issuing Lender (with a copy to the Administrative Agent), the Borrower shall Cash Collateralize the Issuing Lender's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.19(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(i) Grant of Security Interest. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the Issuing Lender, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligation to fund participations in respect of LC Exposure, to be applied pursuant to clause (ii) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the Issuing Lender as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(ii) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 2.19 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of LC Exposure (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(iii) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce the Issuing Lender's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.19(d) following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent and the Issuing Lender that there exists excess Cash Collateral; provided that, subject to the other provisions of this Section 2.19, the Person providing Cash Collateral and the Issuing Lender may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations.

Section 2.20. Increase of Commitments; Additional Lenders.

(a) Increase of the Commitment.

(i) So long as no Default or Event of Default has occurred and is continuing, the Borrower may request the right to increase the Commitment (any such increase, a "Commitment Increase"), in an aggregate amount of up to $100,000,000 for all such Commitment Increases (the "Commitment Increase Cap"), during the term of this Agreement by delivering a Notice of Requested Commitment Increase to the Administrative Agent substantially in the form of Exhibit G (a "Notice of Requested Commitment Increase"), together with evidence satisfactory to the Administrative Agent of the Borrower's corporate authority for such Commitment Increase. Each Notice of Requested Commitment Increase shall specify: (1) the amount of the proposed Commitment Increase and (2) the requested date of the proposed Commitment Increase (which shall be at least thirty (30) days from the date of delivery of the Notice of Requested Commitment Increase). Each Notice of Requested Commitment Increase shall be binding on the Borrower. If the Administrative Agent approves a proposed Commitment Increase, the Administrative Agent shall deliver a copy of the Notice of Requested Commitment Increase relating thereto to each Lender. Each Lender shall have the right for a period of fifteen (15) days following receipt of such Notice of Requested Commitment Increase, to elect by written notice to the Borrower and the Administrative Agent to increase its Commitment by a principal amount equal to its Applicable Percentage of the amount of the Commitment Increase. No Lender (or any successor thereto) shall have any obligation to increase its Commitment or its other obligations under this Agreement and the other Loan Documents, and any decision by a Lender to increase its Commitment may be made in its sole discretion independently from any other Lender.

(ii) If any Lender shall not elect to increase its Commitment pursuant to clause (i) above, the Borrower may designate another bank or other financial institution (which may be, but need not be, one or more of the existing Lenders) which at the time agrees to, in the case of any such Person that is an existing Lender, increase its Commitment and in the case of any other such Person (an "Additional Lender"), become a party to this Agreement; provided, however, that any new bank or financial institution must be acceptable to the Administrative Agent and the Issuing Lender, which acceptance will not be unreasonably withheld or delayed. The sum of the increases in the Commitment of the existing Lenders plus the Commitment of the Additional Lenders shall not in the aggregate exceed the unsubscribed amount of the Commitment Increase.

(iii) Notwithstanding the foregoing, (A) the proposed Commitment Increase shall have been consented to in writing by the Administrative Agent, each Lender (if any) who is increasing its Commitment and each Additional Lender; (B) the pricing and other terms applicable to the Commitment Increase shall be the same as those applicable to the existing Commitments; and (C) the proposed Commitment Increase, together with any prior Commitment Increase, shall not exceed the Commitment Increase Cap. No Commitment Increase shall be effective until the Administrative Agent shall have received (i) the resolutions of the Borrower authorizing such Commitment Increase and all Governmental Approvals (if any) required in connection with such Commitment Increase, certified as being in effect as of the

effective date of such additional Commitments, (ii) amendments to this Agreement and the other Loan Documents, commitments of Lenders or Additional Lenders in an aggregate amount equal to such Commitment Increase and agreements for each Lender or Additional Lender committing to such Commitment Increase (each a "Lender Agreement"), (iii) a certificate of the chief financial officer of the Borrower certifying that no Default or Event of Default then exists or would be caused thereby, that the conditions set forth in clauses (B) and (C) of this Section 2.20(a)(iii) and all conditions precedent to a Credit Extension under Section 4.02 have been satisfied on and as of such effective date, (iv) any upfront fees to be paid to the Lenders committing to such Commitment Increase, and (v) such opinion letters, Notes and such other agreements, documents and instruments requested by and reasonably satisfactory to the Administrative Agent in its reasonable discretion evidencing and setting forth the conditions of such Commitment Increase.

(b) Notwithstanding anything to the contrary contained herein, each Commitment Increase meeting the conditions set forth in Section 2.20(a) shall not require the consent of any Lender other than those Lenders, if any, which have agreed to increase their Commitment in connection with such Commitment Increase, shall not constitute an amendment, modification or waiver that is subject to Section 9.02 and shall be effective as of the later of (a) the date specified in the applicable Notice of Requested Commitment Increase and (b) the date upon which the foregoing conditions shall have been satisfied.

(c) After giving effect to any Commitment Increase, the outstanding Loans, Swingline Exposure and LC Exposure may not be held pro rata in accordance with the new Commitment. In order to remedy the foregoing, on the effective date of each Commitment Increase, the Lenders (including any Additional Lenders) shall reallocate the Loans, Swingline Exposure and LC Exposure owed to them among themselves so that, after giving effect thereto, the Loans will be held by the Lenders (including any Additional Lenders) on a pro rata basis in accordance with their respective Applicable Percentages (after giving effect to such Commitment Increase). Each Lender agrees to wire immediately available funds to the Administrative Agent in accordance with this Agreement as may be required by the Administrative Agent in connection with the foregoing, and to execute any documents reasonably requested by the Administrative Agent to effectuate such changes. Notwithstanding the provisions of Sections 9.04(a) and (b), the reallocations so made by each Lender whose Applicable Percentage has increased shall be deemed to be a purchase of a corresponding amount of the Revolving Loans of the Lender or Lenders whose Applicable Percentage have decreased and shall not be considered an assignment for purposes of Sections 9.04(a) and (b).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to each of the Lenders, the Issuing Lender, the Swingline Lender and the Administrative Agent that:

Section 3.01. Organization; Powers. The Borrower is duly organized, validly existing and in good standing under the laws of the State of Alaska, has all requisite power and authority under applicable law and organizational documents to carry on its business as now

conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

Section 3.02. Authorization; Enforceability; Ranking.

(a) The Transactions are within the Borrower's powers (corporate and other) and have been duly authorized by all necessary corporate and, if required, by all necessary Member action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each of the other Loan Documents when executed and delivered will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (ii) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) The Loans and all other obligations of the Borrower under the Loan Documents rank pari passu with all other unsecured and unsubordinated Indebtedness of the Borrower.

Section 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, the RCA or any Governmental Authority or third party, (b) will not violate or, in any material respect, conflict with any law, rule, regulation (including, without limitation, Regulation T, U or X of the Board), writ, judgment, injunction, decree or award, will not violate or conflict with the Borrower's Certificate of Incorporation or By-laws or any other organizational documents of the Borrower or any order of any Governmental Authority, (c) will not violate, conflict with or result in a default under the Indenture, any of the Fuel Supply Agreements, or any other material indenture, contract, lease, loan agreement, deed of trust, agreement or other instrument binding upon the Borrower or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower.

Section 3.04. Financial Condition. The Borrower has heretofore furnished to the Lenders its (i) consolidated balance sheet and statements of income, Members' equity and cash flows as of and for the fiscal years ended December 31, 2013, 2014 and 2015, respectively, reported on by KPMG LLP, independent public accountants, and (ii) consolidated balance sheet and statements of income and Members' equity as of and for the fiscal quarter ended March 31, 2016, certified by the Chief Executive Officer and Chief Financial Officer of the Borrower. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) of the first sentence of this paragraph.

Section 3.05. Properties; Insurance.

(a) Property Generally. The Borrower has good title to, or valid leasehold interests in, all its real and personal property, including all rights, licenses, permits, privileges and franchises, subject only to Liens permitted by Section 6.02.

(b) Intellectual Property. The Borrower owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) Insurance. The Borrower maintains, or is covered by, insurance with responsible and reputable insurance companies, in such amounts and covering such risks as is usually and customarily carried by companies engaged in the same or similar businesses and owning or operating similar properties in the same general areas or similar locations in which the Borrower operates. In any event, Borrower maintains insurance in accordance with the requirements of the Indenture.

Section 3.06. Litigation, Actions, Suits and Proceedings. There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority now pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower that (i) involve any of the Loan Documents or the Transactions, or (ii), if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

Section 3.07. Environmental Matters. The Borrower has not (i) failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) become subject to any Environmental Liability or (iii) received notice of any Environmental Claim, which in any of the foregoing instances described in the preceding clauses (i) through (iii) could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 3.08. Compliance with Laws and Agreements. The Borrower is in compliance with the Fuel Supply Agreements and the Indenture and is in compliance, with all laws, rules, regulations, writs, judgments, decrees, awards and orders of any Governmental Authority applicable to it or its property and with the Indenture (and there has been no default or event of default thereunder), where the failure to comply could reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing.

Section 3.09. Investment and Holding Company Status; Etc. The Borrower is not (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, (b) a "natural gas company" as defined in, or subject to regulation under, the Natural Gas Act of 1938, as amended, (c) a "public utility" under and as defined in the Federal Power Act of 1935, as amended or (d) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" as such terms are defined in (and under) the Public Utility Holding Company Act of 2005, as amended, or otherwise subject to regulation under the Public Utility Holding Company Act of 2005, as amended. No approval of the RCA or any other

Governmental Authority is required for the use of any Credit Extension (including the first Credit Extension).

Section 3.10. Taxes. The Borrower has timely filed or caused to be filed all Tax returns and reports required to have been filed, and each of such Tax returns and reports has been accurate and complete in all material respects. The Borrower has timely paid or caused to be paid all Taxes (including any interest penalties or other additions to such Taxes) required to have been paid by it, except Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower has set aside on its books adequate reserves in accordance with GAAP.

Section 3.11. ERISA. No ERISA Event has occurred or is reasonably expected to occur.

Section 3.12. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect; provided, that for so long as the Borrower is an SEC reporting company, all agreements, instruments and corporate or other restrictions included in exhibits to annual reports, quarterly reports and other reports timely filed or required to be filed by the Borrower with the SEC shall constitute disclosure to the Lenders for purposes of the first clause of this sentence. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to the Lenders (including, without limitation, the CIM) in connection with the negotiation of this Agreement and the other Loan Documents or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

Section 3.13. Margin Stock. The Borrower is not engaged, directly or indirectly, in the business of extending credit to others or arranging for the extension or maintenance by others of credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of any extension of credit hereunder will be used to purchase or carry any Margin Stock.

Section 3.14. Indebtedness and Liens.

(a) Indebtedness. Schedule 3.14(a) is a complete and correct list of each agreement, lease, deed of trust, mortgage, credit agreement, loan agreement, indenture, purchase agreement, Guarantee, letter of credit or other arrangement (other than, for so long as the Borrower is an SEC reporting company, those that have been filed as exhibits to annual reports, quarterly reports and other reports filed by the Borrower with the SEC) providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, or Guarantee by, the Borrower outstanding on the date hereof the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) $1,000,000 and the aggregate principal or face amount outstanding or that may become

outstanding under each such agreement, lease, deed of trust, mortgage, credit agreement, loan agreement, indenture, purchase agreement, Guarantee, letter of credit or other arrangement is correctly described in Schedule 3.14(a) or such exhibits and reports (the "Existing Indebtedness"). The Borrower is in compliance with all covenants and agreements set forth in each of such agreements, leases, deeds of trust, mortgage, credit agreements, loan agreements, indentures, purchase agreements, Guarantees, letters of credit or other arrangements.

(b) Liens. Schedule 3.14(b) is a complete and correct list of each Lien securing Indebtedness of any Person outstanding on the date hereof the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) $1,000,000 and covering any property of the Borrower, and the aggregate Indebtedness secured (or that may be secured) by each such Lien and the property covered by each such Lien is correctly described in Schedule 3.14(b) (the "Existing Liens").

Section 3.15. Subsidiaries. The Borrower has no Subsidiaries. Attached, as Schedule 3.15, is a list of Persons or jointly-owned assets in which the Borrower has an ownership interest and the percentage of such ownership interest.

Section 3.16. Indenture Compliance. No Event of Default (as defined in the Indenture) has occurred and is continuing.

Section 3.17. Labor Disputes; Natural Disasters. Neither the business nor the properties of the Borrower are currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, terrorism, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that could be reasonably expected to have a Material Adverse Effect.

Section 3.18. Patriot Act Compliance. To the extent applicable, the Borrower is in compliance, in all material respects, with the (a) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001) (the "Patriot Act"). No part of the proceeds of the Loans made hereunder will be used by the Borrower, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

Section 3.19. OFAC Compliance. The Borrower is not in violation of any of the country- or list-based economic and trade Sanctions administered and enforced by OFAC or any Anti-Terrorism Laws. The Borrower (a) is not a Sanctioned Person or a Sanctioned Entity, (b) does not have any of its assets located in Sanctioned Entities, and (c) does not derive any of its revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. No proceeds of any Loan will be used by the Borrower to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity.

ARTICLE IV

CONDITIONS

Section 4.01. Effective Date. This Agreement, despite its date, shall not become effective, and the Lenders shall have no obligation to make Loans and the Issuing Lender shall have no obligation to issue Letters of Credit hereunder, until the date on which the last of the following conditions precedent have been satisfied (or such conditions shall have been waived in accordance with Section 9.02).

(a) Closing Deliverables. The Administrative Agent shall have received the following, each dated as of the date hereof (unless otherwise specified), in form and substance satisfactory to the Administrative Agent (and to the extent specified below, each Lender):

(i) Executed Counterparts. From each party hereto, either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include facsimile or other electronic communication of a signed signature page to this Agreement) that such party has signed a counterpart of this Agreement.

(ii) Notes. Originally executed copies of such Notes as any Lender shall have requested.

(iii) Corporate Documents. Such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization of the Transactions and any other legal matters relating to the Borrower, this Agreement or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(iv) Officer's Certificate. A certificate of the Borrower, signed by two of its Responsible Officers, certifying to the best of their knowledge after due inquiry (A) the truth of the representations and warranties contained in the Loan Documents as of the date hereof and (B) the absence of any event occurring and continuing, or resulting from the execution of this Agreement or the other Loan Documents or the initial Borrowing (deeming an initial Borrowing of at least $1.00 to occur on the date hereof), that constitutes a Default.

(v) Solvency Certificate. A certificate, in form and substance satisfactory to the Administrative Agent and its counsel, attesting that the Borrower is Solvent and will be Solvent before and after giving effect to the closing of the Transactions, from the Borrower's Chief Executive Officer and Chief Financial Officer.

(vi) Insurance. Evidence of insurance satisfying the requirements of Section 5.05.

(vii) Opinions of Counsel to the Borrower. Favorable written opinions (addressed to the Administrative Agent, the Issuing Lender, the Swingline Lender and the

Lenders and dated the Effective Date) of (A) Orrick, Herrington & Sutcliffe LLP, special counsel for the Borrower, substantially in the form of Exhibit B-1, and covering such other matters relating to the Borrower, the Loan Documents or the Transactions as the Administrative Agent shall reasonably request (and the Borrower hereby instructs such counsel to deliver such opinion to the Lenders and the Administrative Agent) and (B) in house counsel for the Borrower, substantially in the form of Exhibit B-2, and covering such other matters relating to the Borrower, the Loan Documents or the Transactions as the Administrative Agent shall reasonably request.

(viii) Indenture. A copy of the Indenture and each amendment, supplement or modification thereto as in effect on the date hereof, certified to be true and correct by a Responsible Officer.

(ix) Termination of Existing Credit Facility. Evidence of the concurrent payment in full and termination of the Existing Credit Facility, which may occur simultaneously with the execution and delivery of this Agreement.

(x) Other Documents and Financial Information. Other documents or financial information (of the Borrower and/or its Subsidiaries) as the Administrative Agent, any Lender or special counsel to the Administrative Agent may reasonably request, which shall be satisfactory in form and substance to the Administrative Agent.

(b) No Material Adverse Effect. Since December 31, 2015 and through the date on which the last of the conditions precedent set forth in this Section 4.01 is satisfied, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, there shall have been no material adverse change in, or a material adverse effect on (a) the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Borrower, (b) the ability of the Borrower to pay any amounts due, or otherwise perform its obligations, under this Agreement or any of the other Loan Documents or (c) the rights of or benefits available to any Lender or the Administrative Agent under this Agreement or any of the other Loan Documents.

(c) Litigation. Except as disclosed to the Lenders in writing prior to the Effective Date, there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority now pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower (i) that would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that question the validity or enforceability of this Agreement or any of the other Loan Documents or the Transactions.

(d) Compliance with Material Contracts. The Borrower shall be in compliance in all material respects with the Indenture and all other existing material contractual obligations.

(e) Authorizations. All Authorizations, if any, shall have been obtained and been provided to the Administrative Agent (without the imposition of any conditions that are not

acceptable to the Lenders) and shall remain in effect as of the Effective Date; all applicable waiting periods, if any, in connection with the Transactions shall have expired without any action being taken by any competent authority, and no law or regulation shall be applicable in the reasonable judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon the Transactions.

(f) No Default. No Default has occurred or is continuing.

(g) Anti-Terrorism Compliance. At least two (2) Business Days before the Effective Date each Lender shall have received all documents and other information requested by it that is required by bank regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including the Patriot Act. Each Lender shall reasonably request all such documents at least four (4) Business Days prior to the Effective Date as needed to comply with applicable "know your customer" and anti-money laundering rules and regulations.

(h) Borrower's Investment Policy. The Administrative Agent shall have received a copy of the Borrower's investment policies, as approved by the board of directors of the Borrower and as in effect on the date hereof, which shall be satisfactory to the Administrative Agent.

The obligation of each Lender to make its initial extension of credit hereunder is also subject to the payment by the Borrower of such fees as the Borrower shall have agreed to pay to any Lender, the Lead Arranger and the Administrative Agent in connection herewith, including the reasonable fees and expenses of Norton Rose Fulbright US LLP, special counsel to the Administrative Agent, in connection with the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents and the extensions of credit hereunder (to the extent that statements for such fees and expenses have been delivered to the Borrower).

The Administrative Agent shall, immediately after all of the conditions under this Section have been met, notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Lender to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 9.02) on or prior to 3:00 p.m., New York City time, on June 13, 2016 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

Section 4.02. Each Credit Extension. The obligation of each Lender to make any Loan, of the Swingline Lender to make any Swingline Loan and of the Issuing Lender to issue, amend, renew or extend any Letter of Credit (each of the foregoing, a "Credit Extension"), is subject to the satisfaction of the following conditions:

(a) the representations and warranties of the Borrower set forth in this Agreement (except those set forth in Section 3.06, Section 3.07, Section 3.12, Section 3.14 and Section 4.01(b)) and in the other Loan Documents shall be true and correct on and as of the date of the applicable Credit Extension, other than any such representations or warranties that, by

their terms, refer to a specific date other than the date of such Credit Extension, in which case such representations and warranties shall be true and correct as of such specific date; and

(b) at the time of and immediately after giving effect to such Credit Extension, no Default shall have occurred and be continuing.

Each Credit Extension hereunder shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in the preceding sentence.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

Section 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent (who will furnish a copy thereof to each Lender):

(a) (i) if the Borrower files periodic reports with the SEC, within one hundred five (105) days, or (ii) if the Borrower does not file periodic reports with the SEC, within one hundred twenty (120) days after the end of each fiscal year of the Borrower beginning with the fiscal year ending on December 31, 2016, the audited balance sheet and related statements of operations, owners' equity and cash flows of the Borrower as of the end of and such year, setting forth, in each case, in comparative form the figures for the previous fiscal year and, if applicable, the previous fiscal quarter, all reported on by KPMG LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and results of operations of the Borrower in accordance with GAAP consistently applied;

(b) (i) if the Borrower files periodic reports with the SEC, within fifty (50) days, or (ii) if the Borrower does not file periodic reports with the SEC, within sixty (60) days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, the balance sheet and related statements of operations, owners' equity and cash flows of the Borrower as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, as of the end of) the corresponding period or periods of the previous fiscal year, all certified by the Chief Executive Officer and the Chief Financial Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) of this Section, a certificate of the Chief Executive Officer and the Chief Financial Officer,

substantially in the form of Exhibit D, (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.07 and (iii) to the extent not otherwise stated in such financial statements or in financial statements previously delivered to the Administrative Agent, stating whether any change in GAAP or in the application thereof has occurred since the date of the first financial statements referred to in Section 5.01(a) and (b) above and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause (a) of this Section, a statement of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) concurrently with the delivery of financial statements under clause (a) or (b) of this Section, a certificate of a Responsible Officer setting forth a complete and correct list of the following items to the extent not set forth in reports filed by the Borrower with the SEC: (i) each agreement, lease, deed of trust, mortgage, credit agreement, loan agreement, indenture, purchase agreement, Guarantee, letter of credit or other arrangement providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, or Guarantee by, the Borrower outstanding on the date of any such financial statements the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) $1,000,000, and the aggregate principal or face amount outstanding or that may become outstanding under each such agreement, lease, deed of trust, mortgage, credit agreement, loan agreement, indenture, purchase agreement, Guarantee, letter of credit or other arrangement and (ii) each Lien securing Indebtedness of any Person outstanding on the date of any such financial statement the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) $1,000,000 and covering any property of the Borrower, and the aggregate Indebtedness secured (or that may be secured) by each such Lien and the property covered by each such Lien;

(f) except for tax returns, promptly after the same become publicly available, copies of all material periodic and other reports and other material documents or materials related to matters that could reasonably be expected to result in a Material Adverse Effect and filed by the Borrower with the SEC, FERC, the RCA or any other Governmental Authorities or distributed by the Borrower to its owners generally, as the case may be, and promptly following any request therefor by any Lender (through the Administrative Agent), copies of all periodic and other reports and other materials filed by the Borrower with any applicable Governmental Authority;

(g) (i) concurrently with the delivery thereof to any holder of obligations under the Indenture, or to any trustee, agent or representative therefor, copies of all notices and reports delivered by Borrower pursuant to the terms of documentation governing the obligations under the Indenture, (ii) promptly upon receipt thereof, copies of any notices relating to the Indenture received from any holder of obligations under the Indenture, or any trustee, agent or representative therefor; and (iii) promptly upon the execution thereof, copies of any supplements, amendments or other modifications or agreements with respect to the Indenture; and

(h) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or compliance with the terms of this Agreement and the other Loan Documents, as the Administrative Agent or any Lender may reasonably request.

All information required to be delivered by the Borrower pursuant to clauses (a), (b) and (f) of this Section shall be deemed to have been furnished if the Borrower shall have timely made the same available on the its website at www.chugachelectric.com and, substantially concurrently therewith (except in the case of the delivery of forms 10-K and 10-Q and any financial statements or other information contained therein, as to which no separate notification shall be necessary if such information has been posted on the Borrower's website within the deadlines specified in clauses (a) and (b) of this Section), shall have notified the Administrative Agent that such information has been posted on its website and such information is fully accessible, provided, that if the Administrative Agent is unable to access the Borrower's website, the Borrower agrees to provide the Administrative Agent with paper or electronic copies of such information required to be furnished pursuant to clauses (a), (b) and (f) of this Section promptly following notice (and thereafter so long as such notice remains in effect) from the Administrative Agent.

Section 5.02. Notices of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) (i) the occurrence of any Default, (ii) the occurrence or existence of any event or circumstance that foreseeably will become a Default, and (iii) the occurrence or existence of any event or circumstance that would cause the condition to Borrowing set forth in subsection 4.02(a) not to be satisfied if a Borrowing were requested on or after the date of such event or circumstance;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any of its Affiliates that, (i) if adversely determined, could reasonably be expected to result in a Material Adverse Effect, or (ii) in which the relief sought is an injunction or other stay of the performance of this Agreement or any other Loan Document;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower in an aggregate amount exceeding $5,000,000;

(d) the existence or assertion of any Environmental Claim by any Person against, or with respect to the activities of, the Borrower and any alleged violation of or liability under any Environmental Laws that, if adversely determined, could (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect;

(e) the commencement of any proceeding against the Borrower by or before any Governmental Authority seeking the cancellation, termination (including by means of non-renewal), limitation, adverse modification or adverse conditioning of any Authorization; and

(f) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.03. Existence; Conduct of Business. The Borrower will do or cause to be done all things necessary to preserve, renew and keep in full force and effect (a) its legal existence, (b) the Authorizations, and (c) all the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

Section 5.04. Payment of Obligations (Including Taxes). The Borrower will pay its Material Indebtedness, any federal income Tax and all other material Tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 5.05. Maintenance of Properties; Insurance.

(a) The Borrower will cause all of its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Borrower may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Borrower from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of the Borrower, desirable in the conduct of its business and not disadvantageous in any respect to the Lenders.

(b) The Borrower will at all times keep all its property of an insurable nature and of the character usually insured by companies operating the same or similar properties, insured in amounts usually and customarily carried, and against loss or damage from such causes as are customarily insured against, by similar companies, but in any event, Borrower will maintain insurance in accordance with the requirements of the Indenture. All such insurance shall be effected with financially sound and reputable insurance carriers.

Section 5.06. Books and Records; Inspection Rights. The Borrower will keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and

records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

Section 5.07. Compliance with Laws and Agreements. The Borrower will comply with all laws, rules, regulations, writs, judgments, decrees, awards and orders, including Environmental Laws and ERISA, of any Governmental Authority applicable to it or its property, including the payment of any fees required by any Governmental Authority, with all reporting and accounting requirements and with the Indenture and all Fuel Supply Agreements (for the avoidance of doubt, nothing in this Section 5.07 or elsewhere in this Agreement shall prohibit the Borrower from entering into any supplements or amendments to the Indenture), where the failure to comply could reasonably be expected to have a Material Adverse Effect.

Section 5.08. Use of Proceeds and Letters of Credit. Extensions of credit hereunder (whether Loans or Letters of Credit) will be used only for (a) general corporate purposes (including the repayment and refinancing of the Existing Credit Facility), (b) the issuance of standby Letters of Credit pursuant to the terms of this Agreement and (c) to support the issuance by the Borrower of commercial paper only in the event of a disruption in the commercial paper market that prohibits the Borrower from rolling over or renewing its relevant outstanding commercial paper but not as a result of changes in prices or pricing of commercial paper generally or of the Borrower in particular; provided that neither the Administrative Agent nor any Lender shall have any responsibility as to the use of any such proceeds. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Board, including Regulations T, U and X.

Section 5.09. Identification of Parties. The Borrower will comply with all requests by or on behalf of the Lenders, or any of them, for information concerning the identification of the Borrower, including, without limitation, its corporate organization, place or places of business, operations and registration or qualification to do business in any place, senior management, and principal ownership, for purposes of complying with the Bank Secrecy Act, P.L. 97 258 (September 13, 1982), as amended, and all regulations adopted thereunder and the Patriot Act, and for information concerning the use or destination of the proceeds of the Loans, for purposes of complying with the Trading With the Enemy Act of 1917, ch. 106, 40 Stat. 411 (October 6, 1917), as amended, and all regulations adopted and executive orders issued thereunder.

Section 5.10. Ranking. The Borrower will cause the Loans and all other obligations of the Borrower under the Loan Documents at all times to rank pari passu with all other unsecured and unsubordinated Indebtedness of the Borrower.

Section 5.11. Further Assurances. The Borrower will execute any and all further documents, agreements and instruments, and take all such further actions which may be required under any applicable law, or which the Administrative Agent or the Required Lenders may reasonably request, to effectuate the Transactions, all at the expense of the Borrower.

Section 5.12. CoBank Equity and Security.

(a) So long as CoBank is a Lender hereunder, Borrower will acquire equity in CoBank in such amounts and at such times as CoBank may require in accordance with CoBank's Bylaws and Capital Plan (as each may be amended from time to time), except that the maximum amount of equity that Borrower may be required to purchase in CoBank in connection with the Loans made by CoBank may not exceed the maximum amount permitted by the Bylaws and Capital Plan at the time this Agreement is entered into. Borrower acknowledges receipt of a copy of (i) CoBank's most recent annual report, and if more recent, CoBank's latest quarterly report, (ii) CoBank's Notice to Prospective Stockholders and (iii) CoBank's Bylaws and Capital Plan, which describe the nature of all of Borrower's stock and other equities in CoBank acquired in connection with its patronage loan from CoBank (the "CoBank Equity Interests") as well as capitalization requirements, and agrees to be bound by the terms thereof.

(b) Each party hereto acknowledges that CoBank's Bylaws and Capital Plan (as each may be amended from time to time) shall govern (x) the rights and obligations of the parties with respect to the CoBank Equity Interests and any patronage refunds or other distributions made on account thereof or on account of Borrower's patronage with CoBank, (y) Borrower's eligibility for patronage distributions from CoBank (in the form of CoBank Equity Interests and cash) and (z) patronage distributions, if any, in the event of a sale of a participation interest. CoBank reserves the right to assign or sell participations in all or any part of its Commitments or outstanding Loans hereunder on a non-patronage basis.

(c) Each party hereto acknowledges that CoBank has a statutory first lien pursuant to the Farm Credit Act of 1971 (as amended from time to time) on all CoBank Equity Interests that the Borrower may now own or hereafter acquire, which statutory lien shall be for CoBank's sole and exclusive benefit. The CoBank Equity Interests shall not constitute security for the Obligations due to any other Lender. To the extent that any of the Loan Documents create a Lien on the CoBank Equity Interests or on patronage accrued by CoBank for the account of Borrower (including, in each case, proceeds thereof), such Lien shall be for CoBank's sole and exclusive benefit and shall not be subject to pro rata sharing hereunder. Neither the CoBank Equity Interests nor any accrued patronage shall be offset against the Obligations except that, in the event of an Event of Default, CoBank may elect, solely at its discretion, to apply the cash portion of any patronage distribution or retirement of equity to amounts due under this Agreement. Borrower acknowledges that any corresponding tax liability associated with such application is the sole responsibility of Borrower. CoBank shall have no obligation to retire the CoBank Equity Interests upon any Event of Default, Default or any other default by Borrower, or at any other time, either for application to the Obligations or otherwise.

Section 5.13. Letter of Credit Diligence. In connection with the issuance, amendment, renewal or extension of any Letter of Credit, the Borrower will furnish to the Administrative Agent, within two (2) Business Days after the Administrative Agent's or any Lender's request therefor, such additional documents as the Administrative Agent or any Lender may reasonably request.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

Section 6.01. Indebtedness. The Borrower will not create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness of the Borrower created hereunder;

(b) any Indebtedness of the Borrower issued and incurred under the Indenture;

(c) unsecured Indebtedness incurred pursuant to the Borrower's commercial paper program for which this Agreement acts as a liquidity facility, in an aggregate amount not to exceed $150,000,000 at any time outstanding provided, that the Borrower shall not create, incur, or assume any such Indebtedness or issue any commercial paper after the occurrence and during the continuance of any Event of Default;

(d) unsecured Indebtedness of the Borrower incurred to finance the required purchase by the Borrower of CFC Capital Term Certificates;

(e) Indebtedness arising as a result of treating any lease (or similar arrangement conveying the right to use) as a Capital Lease Obligation where such lease (or similar arrangement) would not have been required to be so treated prior to the issuance of ASC Update 2016-02, "Leases (Topic 842): Section A – Leases: Amendments to the FASB Accounting Standards Codification; Section B – Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification; Section C – Background Information and Basis for Conclusions, as modified or in effect from time to time, or similar accounting standards;

(f) other unsecured Indebtedness (other than the Indebtedness referred to in clauses (a), (b), (c), (d) or (e) of this Section 6.01) in an aggregate amount not to exceed $250,000,000 at any time outstanding; provided, that in the event the Borrower enters into any additional commercial paper programs supported by any additional unsecured liquidity credit facilities (and not this Agreement), then in calculating unsecured Indebtedness permitted by this clause (f) of this Section 6.01, the Borrower may only count the aggregate amount outstanding under either such additional commercial paper programs or such additional unsecured liquidity credit facilities, but not both; or

(g) existing unsecured Indebtedness outstanding on the date of this Agreement and listed in Schedule 3.14(a) as of the date of this Agreement, including any extension, renewal or refinancing thereof; provided that such extended, renewed or refinanced Indebtedness is in a principal amount no greater than the Indebtedness being extended, renewed or repaid (excluding fees, including any consent fees, payable in connection with the issuance of any extension,

renewal or repaid Indebtedness), and has a final maturity that is at least equal to or longer than and an average life that is at least equal to or greater than the Indebtedness being extended, renewed or repaid.

Section 6.02. Liens. The Borrower will not create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it without equally and ratably securing all of the obligations of the Borrower to the Administrative Agent, the Swingline Lender, the Issuing Lender and the Lenders under the Loan Documents (including the Loans), except Liens (i) arising under or not prohibited by the Indenture; (ii) securing amounts not to exceed in the aggregate $5,000,000 at any one time outstanding; or (iii) relating to Indebtedness referenced in Section 6.01(e).

Section 6.03. Fundamental Changes.

(a) The Borrower will not enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution) or dispose of all or substantially all of its assets; provided that, so long as no Default or Event of Default shall exist or be caused thereby, a Person, the consolidated assets of which do not exceed 50% of the consolidated assets of the Borrower, may be merged or consolidated into the Borrower so long as the Borrower shall be the continuing or surviving entity. The Borrower shall not dispose of any asset necessary for the conduct of its business if such disposition would conflict with Prudent Utility Practice.

(b) The Borrower shall not, and shall not cause to, establish, create or maintain any Subsidiary of the Borrower.

Section 6.04. Lines of Business. The Borrower will not engage to any material extent in any business other than the business of providing electric power and energy to its Members as described in the CIM.

Section 6.05. Investments. The Borrower will not make or permit to remain outstanding any Investments except:

(a) Investments outstanding on the date hereof and set forth on Schedule 6.05(a);

(b) operating deposit accounts with banks;

(c) Permitted Investments (including the purchase or other acquisition by the Borrower of CFC Capital Term Certificates and of CoBank Equity Interests);

(d) Hedging Agreements entered into in the ordinary course of the Borrower's business and not for speculative purposes;

(e) Investments consisting of security deposits or payment or performance bonds made in the ordinary course of business;

(f) Investments approved by the Borrower's board of directors; and

(g) additional Investments up to but not exceeding $10,000,000 in the aggregate.

Section 6.06. Transactions with Affiliates. The Borrower will not sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except transactions in the ordinary course of business at prices and on terms and conditions that are, in the aggregate, not less favorable to the Borrower than would reasonably be obtained on an arm's-length basis from unrelated third parties.

Section 6.07. Certain Financial Covenants.

(a) Margins for Interest. The Borrower shall maintain a minimum Margins for Interest of at least 1.10 times Interest Charges for each fiscal year, calculated using the Margins for Interest of the fiscal year then most recently ended (commencing with the Borrower's fiscal year ended December 31, 2015).

(b) Margins and Equities. The Borrower shall maintain a minimum Consolidated Margins and Equities of $145,000,000, excluding any unrealized gain or loss on any Hedging Agreement, tested at the end of each fiscal quarter and at fiscal year-end of the Borrower.

Section 6.08. Certain Documents; Accounting Changes.

(a) Corporate Documents. The Borrower will not consent to any modification, supplement or waiver of any of the provisions of its charter, bylaws or any other constituent document of the Borrower that would have an adverse effect on the rights of the Administrative Agent or the Lenders under the Loan Documents without the prior consent of the Administrative Agent (with the approval of the Required Lenders).

(b) Accounting Changes. The Borrower shall not make or permit any change in (i) accounting policies or reporting practices, except as required by applicable law or as otherwise in compliance with generally accepted accounting principles, or (ii) the last day of its fiscal year from December 31, or the last days of the first three fiscal quarters in each of its fiscal years from March 31, June 30, and September 30, respectively.

Section 6.09. Anti-Terrorism Laws. The Borrower shall not (a) have any of its assets in a country subject to any Sanctions or in the possession, custody or control of a person in violation of any Anti-Terrorism Laws; (b) do business in or with, or derives any of its income from investments in or transactions with, any country subject to any Sanctions or in the possession, custody or control of a person in violation of any Anti-Terrorism Laws; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law; or (d) use the proceeds of the loans to fund any operations in, finance any investments or activities in, or make any payments to a country subject to any Sanctions or in the possession, custody or control of a person in violation of any Anti-Terrorism Laws.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES

Section 7.01. Events of Default.

Subject to the proviso at the end of this Section 7.01, any of the following shall constitute an event of default hereunder and under the other Loan Documents (each, an "Event of Default"):

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Section 7.01) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or in any report, certificate, financial statement or other document prepared or furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, shall prove to have been incorrect when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Sections 2.09(b), 5.01, 5.02, 5.03 (with respect to the Borrower's existence), 5.08 or 5.13 or in Article VI;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Section 7.01) or any other Loan Document and such failure shall continue unremedied for a period of thirty (30) or more days after the earlier of (i) a Responsible Officer becoming aware thereof and (ii) receipt by Borrower of notice thereof from the Administrative Agent (given at the request of any Lender) to the Borrower;

(f) the Borrower shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable beyond any applicable grace period;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of sixty (60) or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section 7.01, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Borrower shall become unable to pay its debts as they become due, generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $10,000,000 shall be rendered against the Borrower or any combination thereof and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower to enforce any such judgment;

(l) any non-monetary judgment or order shall be rendered against the Borrower that could reasonably be expected to have a Material Adverse Effect, and there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(m) an ERISA Event shall have occurred that, in the reasonable opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Borrower incurring liability or an obligation in excess of $10,000,000; or

(n) any Loan Document shall at any time for any reason cease to be valid and binding or in full force and effect (other than upon expiration in accordance with the terms thereof), or performance of any material obligation thereunder shall become unlawful, or the Borrower shall so assert or contest the validity or enforceability thereof;

provided, however, that if no Loan is outstanding at the time any event or circumstance specified in paragraphs (c), (d), (e), (f), (g), (l), and (m) of this Section 7.01 shall occur or arise, then any such event or circumstance shall not be deemed an Event of Default, but the Administrative

Agent shall, at the request of, or may, with the consent of, the Required Lenders, declare the Commitment of each Bank to make Loans to be terminated, whereupon such Commitments shall forthwith be terminated and the Borrower shall promptly pay to the Administrative Agent all accrued but unpaid amounts then outstanding under this Agreement or under any other Loan Document; provided further, however, that:

(i) the Borrower shall promptly notify the Administrative Agent and each Lender of any such event or circumstance, and

(ii) the obligation of each Lender to make any Loan hereunder shall be immediately suspended for so long as any such event or circumstance shall continue to exist.

Section 7.02. Remedies. If any Event of Default occurs (other than an Event of Default with respect to the Borrower described in clause (h) or (i) of Section 7.01), and at any time thereafter during the continuance of such Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take any one or more of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; (iii) exercise the rights and remedies contemplated by Section 2.04(k); and (iv) exercise the rights and remedies contemplated by any one or more of the Loan Documents or by applicable law or equity; and in case of any event with respect to the Borrower described in clause (h) or (i) of Section 7.01, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder and under the other Loan Documents, including those contemplated by Section 2.04(k), shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

Section 8.01. Appointment and Authority. Each of the Lenders and the Issuing Lender hereby irrevocably appoints National Rural Utilities Cooperative Finance Corporation to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Lender, and the Borrower shall not have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other

similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 8.02. Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 8.03. Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe

in good faith shall be necessary, under the circumstances as provided in Section 9.02 and Article VII), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent in writing by the Borrower, a Lender or the Issuing Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 8.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Lender prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 8.05. Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with syndication of the facilities hereunder as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section 8.06. Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuing Lender and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders and the Issuing Lender, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the Issuing Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

Section 8.07. Non-Reliance on Administrative Agent and Other Lenders. Each Lender and the Issuing Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such

documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the Issuing Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 8.08. No Other Duties, etc. Anything herein to the contrary notwithstanding, the Lead Arranger listed on the cover page hereof shall not have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or the Issuing Lender hereunder.

Section 8.09. Indemnity.

(a) Each Lender severally agrees to indemnify the Administrative Agent (to the extent not promptly reimbursed by the Borrower) from and against such Lender's Applicable Percentage of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Administrative Agent under the Loan Documents (collectively, the "Indemnified Costs"); provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments' suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrower under Section 9.03, to the extent that the Administrative Agent is not promptly reimbursed for such costs and expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Article VIII applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person.

(b) Each Lender severally agrees to indemnify the Issuing Lender (to the extent not promptly reimbursed by the Borrower) from and against such Lender's Applicable Percentage of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Issuing Lender in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Issuing Lender under the Loan Documents; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Issuing Lender's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender agrees to reimburse the Issuing Lender promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrower under Section 9.03, to the extent that the Issuing Lender is not promptly reimbursed for such costs and expenses by the Borrower.

(c) The failure of any Lender to reimburse the Administrative Agent or the Issuing Lender, as the case may be, promptly upon demand for its ratable share of any amount required to be paid by the Lenders to the Administrative Agent or the Issuing Lender, as the case may be, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse the Administrative Agent or the Issuing Lender, as the case may be, for their ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Administrative Agent or the Issuing Lender, as the case may be, for such other Lender's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Article VIII shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

Section 8.10. Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law the Administrative Agent (irrespective of whether the principal of any Loan or LC Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Exposure and all other obligations that are owing and unpaid under the Loan Documents and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Lender and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Lender and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the Issuing Lender and the Administrative Agent under Sections 2.10 and 9.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Issuing Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Lender, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.10 and 9.03.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in

paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic communication as follows:

(i) if to the Borrower, to it at Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage Alaska 99518 (P.O. Box 196300, Anchorage, AK 99519-6300), Attention: Chief Financial Officer, Facsimile No. (907) 762-4514; Telephone No. (907) 762-4778;

(ii) if to the Administrative Agent, to National Rural Utilities Cooperative Finance Corporation, 20701 Cooperative Way, Dulles, VA 20166, Attention: Administrative Agent (Facsimile No. (703) 467-5681; Telephone No. (703) 467-1615; E-mail: loansyndications@nrucfc.coop);

(iii) if to an Issuing Lender:

(A) to National Rural Utilities Cooperative Finance Corporation, 20701 Cooperative Way, Dulles, VA 20166, Attention: Administrative Agent (Facsimile No. (703) 467-5681; Telephone No. (703) 467-1615; E-mail: loansyndications@nrucfc.coop);

(B) to Bank of America, N.A., 800 5th Ave., Floor 36, Mailcode WA1-501-36-07, Seattle, WA 98104, Attention: Janet Radcliff (Facsimile No. (206) 585-8645; Telephone No. (206) 358-3149; E-mail: janet.radcliff@baml.com);

(C) to KeyBank National Association, 4900 Tiedeman Road, Brooklyn, Ohio 44144-2302, Attention: Paula Gordon (Facsimile No. (216) 370-5997; Telephone No. (216) 813-6735; E-mail: KAS_Servicing@keybank.com); or

(D) to it at its address (or facsimile number) set forth in its Administrative Questionnaire;

(iv) if to the Swingline Lender, to National Rural Utilities Cooperative Finance Corporation, 20701 Cooperative Way, Dulles, VA 20166, Attention: Administrative Agent (Facsimile No. (703) 467-5681; Telephone No. (703) 467-1615; E-mail: loansyndications@nrucfc.coop);

(v) if to a Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Issuing Lender hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the Issuing Lender pursuant to Article II if such Lender or the Issuing Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Issuing Lender and the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system (the "Platform").

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of communications through the Platform. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Loan

Document or the transactions contemplated therein which is distributed to the Administrative Agent, any Lender or the Issuing Lender by means of electronic communications pursuant to this Section, including through the Platform.

Section 9.02. Waivers; Amendments.

(a) No Deemed Waivers; Remedies Cumulative. No failure or delay by the Administrative Agent, the Issuing Lender or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Lender and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Lender may have had notice or knowledge of such Default at the time.

(b) Amendments. None of this Agreement, any other Loan Document or any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall

(i) increase the Commitment of any Lender without the written consent of such Lender,

(ii) reduce or forgive the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender affected thereby,

(iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby,

(iv) change Section 2.16(b), Section 2.16(c) or Section 2.16(d) without the consent of each Lender affected thereby, or

(v) change any of the provisions of this Section or the percentage in the definition of the term "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights

hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

provided, further, that (1) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Lender or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, the Issuing Lender or the Swingline Lender, as the case may be and (2) no such agreement shall amend or modify any bilateral agreement between the Borrower and any Issuing Lender regarding such Issuing Lender's Issuing Lender Sublimit or the respective rights and obligations between the Borrower and any Issuing Lender in connection with the issuance of Letters of Credit without the prior written consent of the Administrative Agent and such Issuing Lender. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver, modification or consent hereunder, except that the Commitment of such Lender may not be increased or extended without such Lender's consent (and such Lender's Commitment shall be excluded from a vote of the Lenders hereunder requiring any consent of the Lenders). Any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender which affects such Defaulting Lender differently than other affected Lenders shall require the consent of such Defaulting Lender.

For purposes of this Section, the "scheduled date of payment" of any amount shall refer to the date of payment of such amount specified in this Agreement, and shall not refer to a date or other event specified for the mandatory or optional prepayment of such amount.

Section 9.03. Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), and shall pay all fees and time charges and disbursements for attorneys who may be employees of the Administrative Agent, in connection with the syndication of the facilities hereunder, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by the Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or the Issuing Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the Issuing Lender), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including in connection with any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities

and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by any Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 9.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the Issuing Lender, the Swingline Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such Issuing Lender, such Swingline Lender or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the total Credit Exposures at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), such Issuing Lender or such Swingline Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), such Issuing Lender or any such Swingline Lender in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.02(a).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as

opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly after demand therefor.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

Section 9.04. Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the

aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $5,000,000, unless each of the Administrative Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment under this Section 9.04(b) except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) a Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof and provided, further, that the Borrower's consent shall not be required during the primary syndication of the revolving facility hereunder;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required in respect of any assignment to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the consent of the Issuing Lender and the Swingline Lender shall be required in respect of any assignment to a Person that is not a Lender (such consent not to be unreasonably withheld or delayed).

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment**.** The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries or (B) to any

Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural Person.

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Issuing Lender, the Swingline Lender and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 9.03 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Dulles, Virginia a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of

the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Acceptance of Assignments by Administrative Agent. Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section, any written consent to such assignment required by paragraph (b) of this Section and any other document reasonably requested by the Administrative Agent, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent, the Issuing Lender and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 2.15(e) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 9.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 (subject to the requirements and limitations therein, including the requirements under Section 2.15(g) (it being understood that the documentation required under Section 2.15(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.17 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.13 or 2.15, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to

effectuate the provisions of Section 2.17(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.16(d) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 9.05. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Lender or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Section 2.13, 2.14, 2.15, 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

Section 9.06. Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements

with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, the Issuing Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender, the Issuing Lender or any such Affiliate, to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or the Issuing Lender or their respective Affiliates, irrespective of whether or not such Lender, Issuing Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender or the Issuing Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (a) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.19 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lender, and the Lenders, and (b) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the obligations of the Borrower owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, each Issuing Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Issuing Lender or

their respective Affiliates may have. Each Lender and the Issuing Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 9.09. Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Jurisdiction. The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender, the Issuing Lender, or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Lender or the Issuing Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. The Borrower hereby irrevocably appoints CT Corporation System, with offices as of the date of this Agreement at 111 8th Avenue, 13th Floor, New York, New York 10011, as its authorized agent for service of process in relation to any action, suit or proceeding before any courts located in the State of New York in connection with this Agreement and all other Loan Documents, and the Borrower agrees that service of process in respect of it to CT Corporation System shall be effective service of process upon it in such action, suit or proceeding. The Borrower further agrees that any failure of CT Corporation System to give notice to the Borrower of any such service shall not impair or affect the validity

of such service of any judgment rendered in any such action, suit or proceeding. Each other party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 9.12. Treatment of Certain Information; Confidentiality.

(a) Treatment of Certain Information. The Borrower acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or one or more of its Subsidiaries (in connection with this Agreement or otherwise) by any Lender or by one or more Subsidiaries or Affiliates of such Lender and the Borrower hereby authorizes each Lender to share any information delivered to such Lender by the Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of such Lender to enter into this Agreement, to any such Subsidiary or Affiliate, it being understood that any such Subsidiary or Affiliate receiving such information shall be bound by the provisions of paragraph (b) of this Section as if it were a Lender hereunder. Such authorization shall survive the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

(b) Confidentiality. Each of the Administrative Agent, the Lenders and the Issuing Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by applicable laws

or regulations or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the revolving facility hereunder; (h) with the consent of the Borrower; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Administrative Agent, any Lender, the Issuing Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, "Information" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the Issuing Lender on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 9.13. USA PATRIOT Act. Each Lender subject to the Patriot Act hereby notifies the Borrower that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act.

Section 9.14. No Fiduciary Duty. The Administrative Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "Lender Parties"), may have economic interests that conflict with those of the Borrower, its stockholders and/or its Affiliates. The Borrower agrees that, except as set forth in Section 9.04(c), nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender Party, on the one hand, and the Borrower, its stockholders or its Affiliates, on the other. The Borrower acknowledges and agrees that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lender Parties, on the one hand, and the Borrower, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender Party has assumed an advisory or fiduciary responsibility in favor of the Borrower, its stockholders or its Affiliates with respect to the transactions

contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender Party has advised, is currently advising or will advise the Borrower, its stockholders or its Affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in the Loan Documents and (y) each Lender Party is acting solely as principal and not as the agent or fiduciary of the Borrower, its management, stockholders, creditors or any other Person. The Borrower acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that any Lender Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transactions or the process leading thereto.

Section 9.15. Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the obligations hereunder.

Section 9.16. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it

in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[*Signature Pages Follow*]

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

CHUGACH ELECTRIC ASSOCIATION, INC.,
as Borrower

By: _____
Name: Sherri L. Highers
Title: Chief Financial Officer

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION,
as Administrative Agent, an Issuing Lender, Swingline Lender and a Lender

By: Ling Wang acting for Andrew Don
Name: Andrew Don
Title: Senior Vice President & CFO

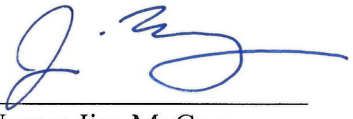
KEYBANK NATIONAL ASSOCIATION,
as Syndication Agent, an Issuing Lender and a Lender

By: _____
Name: Joseph Murry
Title: Vice President

COBANK, ACB, as a Lender

By: C. Brock Taylor
Name: C. Brock Taylor
Title: Regional Vice President

BANK OF AMERICA, N.A., as an Issuing Lender and a Lender

By: 

Name: Jim McCary
Title: Vice President

SCHEDULE I

Commitments

Name of Lender	**Commitment Amount**	**Applicable Percentage**
National Rural Utilities Cooperative Finance Corporation	$50,000,000.00	33.333333334%
KeyBank National Association	$45,000,000.00	30.000000000%
CoBank, ACB	$35,000,000.00	23.333333333%
Bank of America, N.A.	$20,000,000.00	13.333333333%
Totals	**$150,000,000.00**	**100.000000000%**

SCHEDULE II

Issuing Lender Sublimits

Name of Issuing Lender	**Issuing Lender Sublimit as of the Effective Date**
National Rural Utilities Cooperative Finance Corporation	$50,000,000.00
KeyBank National Association	$45,000,000.00
Bank of America, N.A.	$20,000,000.00

SCHEDULE 3.14(a)

Existing Indebtedness

Updating the debts detailed in the 10-Q filed with the Securities Exchange Commission for the quarter ending March 31, 2016, to reflect balances as of June 13, 2016, Chugach Electric Association, Inc. has incurred the following:

	Balance	**Limit**
2011/2012 bonds payable	$426,666,665	$426,666,665
2011 CoBank bond	$23,651,493	$23,651,493
Commercial Paper	$77,000,000[1]	$100,000,000
National Rural Utilities Cooperative Finance Corporation (NRUCFC) Line of Credit Agreement	$0	$50,000,000

[1] Approximate

SCHEDULE 3.14(b)

Existing Liens

None.

SCHEDULE 3.15

Jointly-Owned Assets

Chugach Electric Association, Inc. is joint owner in the following assets as of June 13, 2016:

	Share
Bradley Lake Hydroelectric Project[1]	30.4%
Eklutna Hydroelectric Power Project[2]	30.0%
Southcentral Power Project[3]	70.0%
Beluga River Unit[4]	10.0%

[1] Chugach is a participant in the Bradley Lake Hydroelectric Project (Bradley Lake). Bradley Lake was built and financed by the Alaska Energy Authority (AEA) through State of Alaska grants and $166,000,000 of revenue bonds. Chugach and other participating utilities have entered into take-or-pay power sales agreements under which shares of the project capacity have been purchased and the participants have agreed to pay a like percentage of annual costs of the project (including ownership, operation and maintenance costs, debt service costs, and amounts required to maintain established reserves). Chugach has a 30.4% share of the project's capacity.

[2] Chugach is a joint owner in the Eklutna Hydroelectric Project which is located on federal land pursuant to a United States Bureau of Land Management right-of-way grant issued in October of 1997. The facility is jointly owned by Chugach (30%), Matanuska Electric Association, Inc. (MEA) (17%) and Anchorage Municipal Light & Power (AML&P) (53%). The facility is operated by Chugach and maintained jointly by Chugach and AML&P. Chugach owns rights to 11.7 MW of capacity.

[3] The Southcentral Power Project (SPP) is a natural gas-fired generation plant on land owned by Chugach near its Anchorage headquarters that began commercial operation on February 1, 2013. Chugach owns and takes approximately 70% of the plant's output and AML&P owns and takes the remaining 30%. Chugach proportionately accounts for its ownership in SPP.

[4] Chugach has a working interest in the Beluga River Unit (BRU), an established natural gas field located on the western side of Cook Inlet, approximately 35 miles from Anchorage. The BRU is jointly owned by Hilcorp (33.3%), AML&P (56.7%) and Chugach (10.0%).

SCHEDULE 6.05(a)

Investments

As of June 13, 2016, Investments include the following:

National Rural Utilities Cooperative Finance Corporation (NRUCFC) capital term certificates	$6,095,980
National Bank for Cooperatives (CoBank)	3,157,500
NRUCFC	46,682
Other	17,193
Total Investments	$9,317,355

EXHIBIT A

[Form of Assignment and Assumption]

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [the][each][1] Assignor identified in item 1 below ([the][each, an] "Assignor") and [the][each][2] Assignee identified in item 2 below ([the][each, an] "Assignee"). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees][3] hereunder are several and not joint.][4] Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by [the][each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including without limitation any letters of credit and swingline loans included in such facilities), and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] "Assigned Interest"). Each such sale and assignment is without recourse to

[1] For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

[2] For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

[3] Select as appropriate.

[4] Include bracketed language if there are either multiple Assignors or multiple Assignees.

[the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

1. Assignor[s]: _____

_____

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee[s]: _____

_____

[for each Assignee, indicate [Affiliate][Approved Fund] of [*identify Lender*]

3. Borrower: Chugach Electric Association, Inc.

4. Administrative Agent: National Rural Utilities Cooperative Finance Corporation, as the administrative agent under the Credit Agreement

5. Credit Agreement: The $150,000,000 Credit Agreement dated as of June 13, 2016 (as amended, supplemented, restated or otherwise modified from time to time) among Chugach Electric Association, Inc., the Lenders parties thereto, National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, and the other agents parties thereto

6. Assigned Interest[s]:

Assignor[s][5]	Assignee[s][6]	Aggregate Amount of Commitment / Loans for all Lenders[7]	Amount of Commitment / Loans Assigned[8]	Percentage Assigned of Commitment / Loans[8]
		$	$	%
		$	$	%
		$	$	%

[7. Trade Date: _____][9]

[5] List each Assignor, as appropriate.
[6] List each Assignee, as appropriate.
[7] Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
[8] Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.
[9] To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

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

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

ASSIGNOR[S][10]
[NAME OF ASSIGNOR]

By:_____
Title:

[NAME OF ASSIGNOR]

By:_____
Title:

ASSIGNEE[S][11]
[NAME OF ASSIGNEE]

By:_____
Title:

[NAME OF ASSIGNEE]

By:_____
Title:

[10] Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).
[11] Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

[Consented to and][12] Accepted:

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Administrative Agent, Issuing Lender and Swingline Lender

By: _____
Title:

[Consented to:][13]

[CHUGACH ELECTRIC ASSOCIATION, INC.]

By: _____
Title:

[12] To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
[13] To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

ANNEX 1

CREDIT AGREEMENT DATED AS OF JUNE 13, 2016
BY AND AMONG
CHUGACH ELECTRIC ASSOCIATION, INC., AS BORROWER,
THE LENDERS PARTY THERETO, AND
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, AS
ADMINISTRATIVE AGENT, ISSUING LENDER AND SWINGLINE LENDER

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor[s]. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee[s]. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 9.04(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 9.04(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and

information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to [the][the relevant] Assignee.

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

EXHIBIT B-1

FORM OF OPINION OF COUNSEL FOR THE BORROWER

[See Attached]

Exhibit B-1

Form of Legal Opinion of Borrower's Special Counsel

June [_], 2016

National Rural Utilities Cooperative Finance Corporation,
as Administrative Agent, the Issuing Lender, the Swingline Lender and
to each of the Lenders, party to the Credit Agreement referred to below

Re: Credit Agreement

Ladies and Gentlemen:

We have acted as special counsel to Chugach Electric Association, Inc., an Alaska corporation (the "Borrower"), in connection with the Credit Agreement, dated as of June [_], 2016 (the "Credit Agreement"), by and among the Borrower, the Lenders party thereto, and National Rural Utilities Cooperative Finance Corporation, as the Issuing Lender, the Swingline Lender, and the Administrative Agent. This opinion is being delivered to you pursuant to Section 4.01(a)(vii)(A) of the Credit Agreement. Capitalized terms used in this letter but not otherwise defined herein shall have the respective meanings assigned to them in the Credit Agreement.

Materials Examined

In connection with this opinion, we have examined copies of the Credit Agreement and the Notes (collectively, the "Loan Documents"). We have also examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of such records, agreements, instruments and certificates (including certificates of public officials and of officers of the parties) and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion. In rendering the opinions expressed below, we have examined only executed counterparts or copies of the Credit Agreement and the Notes that were provided to us. As to factual matters, we have relied without investigation on the representations and warranties set forth in the Credit Agreement and certificates of public officials and officers of the Borrower.

Opinions

Based upon such examination, and having regard for legal considerations we deem relevant, we are of the opinion, subject to the qualifications and assumptions set forth below, that

1. The execution and delivery by the Borrower of the Loan Documents do not, and the performance by it of its obligations thereunder will not, result in a violation of any law of the United States or the State of New York, or any rule or regulation thereunder, applicable to the Borrower or its properties or assets.

2. Each of the Loan Documents constitutes the valid and binding obligation of the Borrower, enforceable against it in accordance with its terms.

3. The Borrower is not (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, (b) a "natural gas company" as defined in, or subject to regulation under, the Natural Gas Act, as amended, (c) a "public utility" under and as defined in the Federal Power Act, as amended, or (d) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" as such terms are defined in (and under) the Public Utility Holding Company Act of 2005, as amended, or otherwise subject to regulation under the Public Utility Holding Company Act of 2005, as amended.

4. The execution and delivery by the Borrower of the Loan Documents do not, and the performance by it of its obligations thereunder will not, require any approval, consent or other action of, notice to, qualification or filing with, any Governmental Authority of the United States or the State of New York.

5. Assuming that the proceeds of the Loans are applied as described in Section 5.08 of the Credit Agreement, the execution, delivery and performance of the Credit Agreement and the Notes and the issuance of the Notes have not resulted and will not result in any violation of Regulation T, U or X of the Board of Governors of the Federal Reserve System of the United States of America.

Certain Assumptions

In rendering the opinions stated above, we have, with your consent, assumed (i) the due organization of each party to the Loan Documents and the existence and good standing of each party to the Loan Documents, (ii) the authority of each party thereto to do business in each relevant jurisdiction, (iii) the legal capacity and authority of all natural persons executing the Loan Documents, (iv) the truth, accuracy and completeness of the information, factual matters, representations and warranties as to matters of fact contained in the records, documents, instruments and certificates we have reviewed, (v) the due authorization, execution and delivery of the Loan Documents by each party thereto, (vi) that the Loan Documents are valid and binding obligations of the parties thereto, enforceable against the parties thereto in accordance with their respective terms (other than as set forth in opinion paragraph 2 above), (vii) the power and authority of each party to the Loan Documents to execute and deliver and perform its obligations thereunder, (viii) that such execution and delivery will not breach, conflict with or constitute a violation of, the laws of any jurisdiction, or of any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority (other than as set forth in paragraphs 1 and 5 above), (ix) that such execution and delivery does not require the consent or approval of any Person that has not already been obtained (other than as set forth in opinion paragraph 4 above), (x) the absence of any evidence extrinsic to the provisions of the Loan Documents between the respective parties thereto that such parties intended a meaning contrary to that expressed by the respective provisions thereof, and (xi) the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as copies.

We express no opinion herein as to laws other than the law of the State of New York and of the United States. We express no opinion as to whether the law of any particular jurisdiction applies to the Loan Documents, and no opinion to the extent that the laws of any jurisdiction other than those identified above are applicable to the Loan Documents.

Our opinion that any Loan Document is valid, binding or enforceable in accordance with its terms is qualified as to: (a) limitations imposed by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws relating to or affecting the rights of creditors generally; (b) rights to indemnification and contribution which may be limited by applicable law and equitable principles; (c) the unenforceability under certain circumstances of provisions imposing penalties, forfeiture, late payment charges, or an increase in interest rate upon delinquency in payment or the occurrence of any event of default; and (d) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether such enforceability is considered in a proceeding in equity or at law.

With respect to our opinion in paragraph 4 above, we express no opinion regarding any requirement for any approval, consent or other action of, notice to, qualification or filing with, any Governmental Authority of the United States or the State of New York arising under or pursuant to any contract with, or any contractual obligation to, any such Governmental Authority.

Use of Opinion

This opinion is solely for your benefit in connection with the Loan Documents, and, except as provided below, may not be relied upon, used, quoted or referred to by, nor may copies hereof be delivered to, any other person, or for any other purpose without our prior written approval. Copies of this opinion letter may be furnished to, but not relied upon by, (a) prospective permitted assigns under the Loan Documents and their advisors, (b) your legal counsel in connection with their providing advice regarding the Loan Documents, (c) your auditors and bank examiners in connection with their audit and examination functions and (d) any person or entity to whom disclosure is required to be made by law or court order. At your request, we hereby consent to reliance hereon by your successors and permitted assigns pursuant to the Credit Agreement, on the condition and understanding that (i) this opinion letter speaks only as of the date hereof, (ii) we have no responsibility or obligation to update this letter, to consider its applicability or correctness to any Person other than its addressees, or to take into account changes in law, facts or other developments of which we may later become aware, and (iii) any such reliance by your successor or permitted assign must be actual and reasonable under the circumstances existing at the time of the assignment, including any changes in law, fact or any other development known to or reasonably knowable by such successor or permitted assign at such time. We disclaim any obligation to update this opinion letter for events occurring or coming to our attention after the date hereof.

Very truly yours,

EXHIBIT B-2

FORM OF OPINION OF IN-HOUSE COUNSEL FOR THE BORROWER

[See Attached]

Exhibit B-2

Form of Legal Opinion of Borrower's In-House Counsel

June [_], 2016

National Rural Utilities Cooperative Finance Corporation,
as Administrative Agent, the Issuing Lender, the Swingline Lender and
to each of the Lenders party to the Credit Agreement referred to below

Re: Credit Agreement

Ladies and Gentlemen:

I am the General Counsel of Chugach Electric Association, Inc., a corporation organized and existing under the laws of the State of Alaska (the "Borrower"), in connection with the Credit Agreement, dated as of June [_], 2016 (the "Credit Agreement"), by and among the Borrower, the Lenders party thereto, and National Rural Utilities Cooperative Finance Corporation, as the Issuing Lender, the Swingline Lender, and the Administrative Agent (the "Administrative Agent"). Capitalized terms used in this letter but not otherwise defined herein shall have the respective meanings assigned to them in the Credit Agreement.

This opinion is being delivered to you pursuant to Section 4.01(a)(vii)(B) of the Credit Agreement.

I.

I have assumed the authenticity of all records, documents and instruments submitted to us as originals, the genuineness of all signatures (except those of, or on behalf of, the Borrower), the legal capacity of natural persons and the conformity to the originals of all records, documents and instruments submitted to us as copies. I have based my opinion upon my review of the following records, documents, instruments and certificates, such additional certificates relating to factual matters and such other documents as I have deemed necessary or appropriate for my opinion:

(i) the Credit Agreement;

(ii) the Notes being issued on the date hereof (the "Subject Notes" and together with the Credit Agreement, the "Relevant Documents");

(iii) the articles of incorporation of the Borrower, certified by the Alaska Department of Commerce, Community, and Economic Development as of June [_], 2016;

(iv) the bylaws of the Borrower;

(v) the records of proceedings and actions of the board of directors and Members of the Borrower relating to the transactions contemplated by the Relevant Documents;

(vi) a Certificate of Compliance relating to the Borrower issued by the Commissioner of the Alaska Department of Commerce, Community, and Economic Development, dated June 2, 2016; and

(vii) Each of the Fuel Supply Agreements.

In connection with my opinion expressed in Paragraph 6(iii) of Part III, I have not reviewed, and express no opinion on, (a) financial covenants or similar provisions requiring financial calculations or determinations to ascertain compliance, or (b) provisions relating to the occurrence of a "material adverse event" or words of similar import. Moreover, to the extent that any of the Fuel Supply Agreements is governed by the laws of any jurisdiction other than the State of Alaska, my opinion relating to those agreements is based solely upon the plain meaning of their language without regard to interpretation or construction that might be indicated by the laws governing those agreements and instruments.

Where my opinion relates to my "knowledge," that knowledge is based upon my examination of the records, documents, instruments and certificates enumerated or described above and my actual knowledge. I have not examined any records of any court, administrative tribunal or other similar entity in connection with my opinion.

II.

I express no opinion as to any securities, tax, anti-trust, land use, safety or hazardous materials laws, rules and regulations or laws, rules or regulations applicable to the Administrative Agent or Lenders by virtue of their status as a financial institutions engaged in business of the type exemplified by the Credit Agreement.

This opinion is limited to the laws of the State of Alaska, and I disclaim any opinion as to the laws of any other jurisdiction.

III.

Based upon the foregoing and my examination of such questions of law as I have deemed necessary or appropriate for the purpose of my opinion, and subject to the limitations and qualifications expressed below, it is our opinion that:

1. The Borrower has been duly incorporated and is validly existing and in good standing under the laws of the State of Alaska.

2. The Borrower has all requisite corporate power and corporate authority to enter into and perform the Relevant Documents, to own its properties and to carry on its business as it is now conducted.

3. The execution and delivery by the Borrower of, and the performance by the Borrower of its obligations under, the Relevant Documents have been duly authorized by all necessary corporate action (including action by the Borrower's

Members, if necessary) on the part of the Borrower and each of the Relevant Documents has been duly executed and delivered on behalf of the Borrower.

4. Each of the Relevant Documents is a valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, subject, as to enforcement, (i) to bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws of general applicability relating to or affecting creditors' rights and (ii) to general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

5. No governmental consents, approvals, authorizations, registrations, declarations or filings are required for the execution and delivery of the Relevant Documents on behalf of the Borrower or repayment of the Loans, except such as have been obtained or made. No approval of the Regulatory Commission of Alaska or any other Governmental Authority is required for the use of any Credit Extension (including the first Credit Extension).

6. Neither the execution and delivery of the Relevant Documents on behalf of the Borrower nor the performance by the Borrower of the Relevant Documents (i) conflicts with any provision of the articles of incorporation or bylaws of the Borrower, (ii) violates or breaches any law, rule or regulation, or any writ, judgment, injunction, decree or award, or any order of any Governmental Authority applicable to the Borrower, or (iii) violates or results in a breach or default under the Indenture or any of the Fuel Supply Agreements or any material indenture, contract, lease, loan agreement, deed of trust, agreement or other instrument binding upon the Borrower or its assets, gives rise to a right thereunder to require any payment to be made by the Borrower, or results in the creation of imposition of any Lien on any asset of the Borrower thereunder.

7. There is no action, suit or proceeding against the Borrower that is either pending or that, to my knowledge, has been threatened in writing and that (i) involves any of the Loan Documents or the Transactions, or (ii) if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

IV.

I further advise you that:

A. As noted, the enforceability of the Relevant Documents is subject to the effect of general principles of equity. These principles include, without limitations, concepts of commercial reasonableness, materiality and good faith and fair dealing.

B. The Administrative Agent and Lenders may not charge the Borrower for penalties for defaults that bear no relation to the damage suffered and we express no

opinion as to whether a court would determine whether or not any payment in cash or kind would constitute a penalty.

C. The enforceability of the Relevant Documents is subject to the effects of (i) Section 1-203 of the Alaska Uniform Commercial Code (the "UCC"), which imposes an obligation of good faith in the performance or enforcement of a contract, (ii) Section 1-102 of the UCC, which provides that obligations of good faith, diligence, reasonableness and care prescribed by the UCC may not be disclaimed by agreement, although the parties may by agreement determine the standards by which the performance of such obligations is to be measured if those standards are not manifestly unreasonable, and (iii) legal principles under which a court may refuse to enforce, or may limit the enforcement of, a contract or any clause of a contract that a court finds as a matter of law to have been unconscionable at the time it was made.

D. The effectiveness of indemnities, rights of contribution, exculpatory provisions and waivers of the benefits of statutory provisions may be limited on public policy grounds.

E. Provisions of the Relevant Documents requiring that waivers must be in writing may not be binding or enforceable if a non-executory oral agreement has been created modifying any such provision or an implied agreement by trade practice or course of conduct has given rise to waiver.

F. Provisions of any agreement requiring a party to pay another party's attorneys' fees and costs in actions to enforce the provisions of such agreement may be construed to entitle the prevailing party in any action, whether or not that party is the specified party, to be awarded its reasonable attorneys' fees, costs and necessary disbursements.

G. The enforceability of the Relevant Documents may also be subject to the effect of generally applicable rules of law that limit or affect the enforceability of provisions purporting to permit service by mail.

V.

This opinion is solely for your benefit in connection with the Relevant Documents, and, except as provided below, may not be relied upon, used, quoted or referred to by, nor may copies hereof be delivered to, any other person, or for any other purpose without my prior written approval. Copies of this opinion letter may be furnished to, but not relied upon by, (a) prospective permitted assigns under the Loan Documents and their advisors, (b) your legal counsel in connection with their providing advice regarding the Relevant Documents, (c) your auditors and bank examiners in connection with their audit and examination functions and (d) any person or entity to whom disclosure is required to be made by law or court order. At your request, I hereby consent to reliance hereon by your successors and permitted assigns pursuant to the Credit Agreement, on the condition and understanding that (i) this opinion letter speaks only

as of the date hereof, (ii) I have no responsibility or obligation to update this letter, to consider its applicability or correctness to any Person other than its addressees, or to take into account changes in law, facts or other developments of which I may later become aware, and (iii) any such reliance by your successor or permitted assign must be actual and reasonable under the circumstances existing at the time of the assignment, including any changes in law, fact or any other development known to or reasonably knowable by such successor or permitted assign at such time. I disclaim any obligation to update this opinion letter for events occurring or coming to my attention after the date hereof.

Very truly yours,

Mark K. Johnson
General Counsel

EXHIBIT C

[Form of Promissory Note]

PROMISSORY NOTE

$[_____] [_____], 20[__]
New York, New York

FOR VALUE RECEIVED, CHUGACH ELECTRIC ASSOCIATION, INC., a corporation incorporated and existing under the laws of the State of Alaska (the "Borrower"), hereby promises to pay to [*NAME OF LENDER*] (the "Lender"), at such office of the Administrative Agent (as defined in the Credit Agreement referred to below) as shall be notified to the Borrower from time to time in accordance with the terms of the Credit Agreement (as defined below), the principal sum of [*DOLLAR AMOUNT*] Dollars (or such lesser amount as shall equal the aggregate unpaid principal amount of the Loans made by the Lender to the Borrower under the Credit Agreement), in lawful money of the United States of America and in immediately available funds, on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the unpaid principal amount of each such Loan, at such office, in like money and funds, for the period commencing on the date of such Loan until such Loan shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

The date, amount, Type, interest rate and duration of Interest Period (if applicable) of each Loan made by the Lender to the Borrower, and each payment made on account of the principal thereof, shall be recorded by the Administrative Agent on its books, which shall be conclusive evidence of the foregoing information, absent manifest error. Failure of the Administrative Agent to make any such recordation shall not affect any of the obligations of the Borrower under the Credit Agreement, hereunder or under any other Loan Document.

This Note evidences the obligation of the Borrower to repay all Loans advanced by the Lender from time to time under that certain Credit Agreement, dated as of June 13, 2016 (as amended, supplemented, restated or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Lenders party thereto and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender. Terms used but not defined in this Note have the respective meanings assigned to them in the Credit Agreement.

The Credit Agreement provides, among other things, for the acceleration of the maturity of this Note upon the occurrence of certain events and for prepayments of Loans upon the terms and conditions specified therein. Reference is made to the Credit Agreement and the other Loan Documents for a statement of certain additional rights and obligations of the undersigned. In the event of any conflict between the terms of this Note and the terms of the Credit Agreement, the terms of the Credit Agreement shall prevail. All of the terms, covenants, provisions, conditions, stipulations, promises and agreements contained in the Loan Documents to be kept, observed and/or performed by the undersigned are made a part of this Note and are incorporated into this Note by this reference to the same extent and with the same force and effect as if they were fully set forth in this Note; the undersigned promises and agrees to keep,

observe and perform them or cause them to be kept, observed and performed, in accordance with the terms and provisions thereof.

If any term, provision, covenant or condition of this Note or the application of any term, provision, covenant or condition of this Note to any party or circumstance shall be found by a court of competent jurisdiction to be, to any extent, invalid or unenforceable, then the remainder of this Note and the application of such term, provision, covenant, or condition to parties or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, provision, covenant or condition of this Note shall be valid and enforced to the fullest extent permitted by law.

Except as permitted by Section 9.04 of the Credit Agreement, this Note may not be assigned by the Lender to any other Person.

This Note shall be construed in accordance with and governed by the law of the State of New York.

CHUGACH ELECTRIC ASSOCIATION, INC.

By_____
Name:
Title:

EXHIBIT D

[Form of Compliance Certificate]

COMPLIANCE CERTIFICATE

I, [_____], the [_____][14] of Chugach Electric Association, Inc. (the "Company") DO HEREBY CERTIFY that:

(a) I have conducted a review of the Credit Agreement dated as of June 13, 2016 (as amended, supplemented, restated or otherwise modified from time to time, the "Credit Agreement") by and among the Company, the Lenders party thereto and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender, the financial statements of the Company and such other documents as I have deemed necessary for this certification. Capitalized terms used and not defined herein shall have the meanings assigned to them in the Credit Agreement. This Compliance Certificate is being delivered pursuant to Section 5.01(c) of the Credit Agreement.

(b) [No Default has occurred during the period beginning on [_____], 20[__] and ending on the date hereof.] [Attached hereto as Annex 1 is a detailed description of each Default that has occurred during the period beginning on [_____], 20[__] and ending on the date hereof, together with a description of any action taken or proposed to be taken with respect thereto.]

(c) Attached hereto as Schedule 1 are detailed calculations demonstrating compliance with the covenant set forth in Section 6.07 of the Credit Agreement as of the date hereof.

WITNESS my hand this ____ day of [_____], 20[__].

_____
Title:

[14] To be executed by the Company's chief financial officer or other officer reasonably acceptable to the Administrative Agent.

EXHIBIT E

Form of Borrowing Request

BORROWING REQUEST

Borrower Name: Chugach Electric Association, Inc.

Facility Number: [●]

Type of Borrowing:

○ **Revolving Loan** ○ **Swingline Loan**

Effective Date of Borrowing: _____

The Borrowing Amount: _____

Interest Rate Elected:

○ **LIBO Borrowing** ○ **ABR Borrowing**

Interest Rate Elections Period if LIBO Borrowing is chosen:

☐ **1-month LIBO** ☐ **2-month LIBO**

☐ **3-month LIBO** ☐ **6-month LIBO**

Wiring Instructions:

Bank Name _____

City, State _____

ABA No _____

Account No _____

Credit Account Name _____

Additional Instructions _____

Certification

Acting on behalf of the Borrower, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request funds on the terms specified herein; (2) the Borrower has met all of the conditions to this Borrowing contained in the Credit Agreement dated as of June 13, 2016 (as amended, supplemented, restated or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined), by and among the Borrower, the Lenders party thereto and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender, governing the terms of this Borrowing Request that the Borrower is required to meet prior to an advance of funds; (3) all of the representations and warranties contained in the Credit Agreement (except those set forth in Section 3.06, Section 3.07, Section 3.12, Section 3.14 and Section 4.01(b)) are true and correct on and as of the date hereof and will be deemed to be true and correct on and as of the effective date of this Borrowing unless notice is otherwise given by the Borrower to the Administrative Agent before the effective date, in each case, other than any such representations or warranties that, by their terms, refer to a specific date other than such effective date, in which case such representations and warranties are true and correct as of such date; (4) no Default has occurred and is continuing or would result from this Borrowing or from the application of the proceeds therefrom; and (5) the terms hereof shall be binding upon Borrower under the provisions of the Credit Agreement, except to the extent inconsistent with the terms of the Credit Agreement, in which case the terms of the Credit Agreement shall prevail.

Certified By:

_____	_____
Signature	Name:
Date	Title:

Attn: Loan Syndications
Fax Number: (703) 467-5681
E-Mail: loansyndicatons@nrucfc.coop

EXHIBIT F

Form of Interest Election Request

[This form should only be used to continue or convert a rate on an existing Loan]

INTEREST ELECTION REQUEST

Borrower Name: Chugach Electric Association, Inc.

Loan Number: [●]

Original Effective Date of Borrowing: _____

Effective Date of Interest Election: _____

The Amount of Borrowing*: _____

*** If different options are being elected with respect to different portions of the original Borrowing, indicate also the portion of the original Borrowing to be allocated to this Interest Election Request.**

Interest Rate Elected:

○ **LIBO Borrowing** ○ **ABR Borrowing**

Interest Rate Elections Period if LIBO Borrowing is chosen:

☐ **1-month LIBO** ☐ **2-month LIBO**

☐ **3-month LIBO** ☐ **6-month LIBO**

Certification

Acting on behalf of the Borrower, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to make the Interest Election Request specified herein; (2) the Borrower has met all of the conditions contained in the Credit Agreement dated as of June 13, 2016 (as amended, supplemented, restated or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined), by and among the Borrower, the Lenders party thereto and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender, governing the terms of this Interest Election Request that the Borrower is required to meet prior to such Interest Election Request; (3) no Default has occurred and is continuing or would result from this Borrowing or from the application of the proceeds therefrom; and (4) the terms hereof shall be binding upon Borrower under the provisions of the Credit Agreement, except to the extent inconsistent with the terms of the Credit Agreement, in which case the terms of the Credit Agreement shall prevail.

Certified By:

_____	_____
Signature	Name:
Date	Title:

Attn: Loan Syndications
Fax Number: (703) 467-5681
E-Mail: loansyndicatons@nrucfc.coop

EXHIBIT G

Form of Notice of Requested Commitment Increase

NOTICE OF REQUESTED COMMITMENT INCREASE

To: NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Administrative Agent

Dated: _____

Reference is hereby made to the Credit Agreement, dated as of June 13, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Lenders party thereto and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

This notice is the Notice of Requested Commitment Increase referred to in Section 2.20(a) of the Credit Agreement, and the Borrower and each of the Lenders party hereto hereby notify you that:

1. Each Lender party hereto agrees to make or increase the amount of its Commitment to the amount set forth opposite such Lender's name below under the caption "Increased Commitment Amount" (the "Commitment Increase").

2. The requested date of the Commitment Increase is _____.

3. The Borrower hereby represents and warrants that (i) no Default or Event of Default shall have occurred and be continuing on the date hereof or after giving effect to the Commitment Increase and (ii) the Commitment Increase has been duly authorized by all necessary action by the Borrower.

[*Signature Page Follows*]

CHUGACH ELECTRIC ASSOCIATION, INC., as the Borrower

By: _____
Name:
Title:

Increased Commitment Amount
$

[NAME OF LENDER]

By: _____
Name:
Title:

EXHIBIT H-1

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of June 13, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Chugach Electric Association, Inc., as the Borrower, each lender from time to time party thereto and National Rural Utilities Cooperative Finance Corporation as the Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By:_____
Name:
Title:
Date: _____ __, 20[ ]

EXHIBIT H-2

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of June 13, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Chugach Electric Association, Inc., as the Borrower, each lender from time to time party thereto and National Rural Utilities Cooperative Finance Corporation as the Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code].

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By:_____
Name:
Title:
Date: _____ __, 20[ ]

EXHIBIT H-3

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of June 13, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Chugach Electric Association, Inc., as the Borrower, each lender from time to time party thereto and National Rural Utilities Cooperative Finance Corporation as the Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN, (ii) IRS Form W-8BEN-E or (iii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By:_____
Name:
Title:
Date: _____ __, 20[ ]

EXHIBIT H-4

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of June 13, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Chugach Electric Association, Inc., as the Borrower, each lender from time to time party thereto and National Rural Utilities Cooperative Finance Corporation as the Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN (ii) IRS Form W-8BEN-E or (iii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By:_____
Name:
Title:
Date: _____ __, 20[ ]

CHUGACH
POWERING ALASKA'S FUTURE

June 22, 2016

Bradley W. Evans, CEO
PO Box 222483
Anchorage, AK 99522

Dear Brad:

Thank you for your leadership as Chief Executive Officer. On behalf of Chugach Electric Association, Inc. (Chugach), it is my pleasure to offer you the position of Consulting Executive, reporting to me. Board strategic initiatives require that we keep as much "knowledge leadership" as possible on the Chugach team.

Starting Date: Your start date will be July 18, 2016. This position is expected to last no longer than January of 2017 and may be extended by mutual agreement.

Compensation: Your compensation will be an hourly rate based on your current salary. It is expected that you will work a minimum of 10 hours per week, not to exceed 40 hours per week or 8 hours per day.

Benefits: You will remain eligible to participate in Chugach's comprehensive benefit program on a prorated basis which includes: health, life, disability, dental and vision insurance, retirement plan, deferred compensation, and 401K. The Chugach health and welfare package will be prorated on a daily basis. Given the unique circumstances of your employment you will not be eligible for leave accrual regardless of hours worked. Additionally, any leave taken will be on a "cash out basis" only, without leave accrual, or any other benefit accrual. In pay months where you work more than half (80 hours) of the full month there will be no proration on the health and welfare package.

I look forward to your continued contributions to Chugach Electric.

Sincerely,

Lee D. Thibert
In Coming CEO

Bradley Evans
Accepted by Bradley W. Evans

June 22, 2016
Date

Chugach Electric Association, Inc.
5601 Electron Drive, P.O. Box 196300 Anchorage, Alaska 99519-6300 • (907) 563-7494
Fax (907) 562-0027 • (800) 478-7494 www.chugachelectric.com • info@chugachelectric.com

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Certification Pursuant to 18 U.S.C. Section 1350 (Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, Lee D. Thibert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chugach Electric Association, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Chugach as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

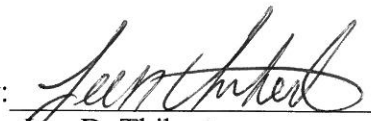
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2016

By: 

Lee D. Thibert
Chief Executive Officer
Principal Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Certification Pursuant to 18 U.S.C. Section 1350 (Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, Sherri L. Highers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chugach Electric Association, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Chugach as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in our internal control over financial reporting that occurred during the second fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing similar functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2016

By: 

Sherri L. Highers
Chief Financial Officer
Principal Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Certification Pursuant to 18 U.S.C. Section 1350 (Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the quarterly report on Form 10-Q of Chugach Electric Association, Inc. (the "Company") for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission (the "Report"), I, Lee D. Thibert, Chief Executive Officer and Principal Executive Officer of the Company, hereby certify as the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: August 12, 2016

By: _____
Lee D. Thibert
Chief Executive Officer
Principal Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Certification Pursuant to 18 U.S.C. Section 1350 (Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the quarterly report on Form 10-Q of Chugach Electric Association, Inc. (the "Company") for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission (the "Report"), I, Sherri L. Highers, Chief Financial Officer and Principal Financial Officer of the Company, hereby certify as the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: August 12, 2016

By: Sherri L. Highers
Sherri L. Highers
Chief Financial Officer
Principal Financial Officer