

RECORDATION NO. 10769-I FILED

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MAY 30 '02

12-55 PM

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SURFACE TRANSPORTATION BOARD

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May 30, 2002

BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W., Suite 700
Washington, D.C. 20423

Re: Dairyland Power Cooperative;
Recordation of Supplement to Mortgage

Dear Mr. Williams:

Enclosed for filing and recordation pursuant to 49 U.S.C. § 11301 and the Board's regulations at 49 C.F.R. § 1177, we enclose on behalf of Dairyland Power Cooperative, a Wisconsin cooperative, one original and one true copy (with a notary's certificate in accordance with 49 C.F.R. § 1177.3(b)(1)) of the following document.

SUPPLEMENT, dated as of March 1, 2002, made by and among DAIRYLAND POWER COOPERATIVE (the "Mortgagor"), the UNITED STATES OF AMERICA (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), successor to the Administrator of the Rural Electrification Administration, COBANK, ACB ("CoBank"), and U.S. BANK TRUST, NATIONAL ASSOCIATION, TRUSTEE (formerly known as "First Trust Company of New York, National Association, Trustee"), to CONSOLIDATED MORTGAGE AND SECURITY AGREEMENT, dated as of February 10, 1993, made by and among the Mortgagor, the Government, the Trustee, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC").

This Supplement is a secondary document under 49 C.F.R. § 1177.1(b). The primary document with which this Supplement is associated is filed under Recordation No. 10769.

The Hon. Vernon A. Williams
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The names and addresses of the parties to the aforementioned document are as follows:

Mortgagor/Debtor:

DAIRYLAND POWER COOPERATIVE
P.O. Box 817
LaCrosse, WI 54602-0817

Mortgagees/Secured Parties:

UNITED STATES OF AMERICA
Rural Utilities Service
Washington, D.C. 20250-1500

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
Woodland Park
2201 Cooperative Way
Herndon, VA 20171-3025

U.S. BANK TRUST NATIONAL ASSOCIATION, as Trustee,
formerly named
FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, as
Trustee
100 Wall Street
Suite 1600
New York, NY 10015

COBANK, ACB
5500 South Quebec Street
Greenwood Village, CO 80111-1914

Please file and record the documents referred to in this letter, and index them under the names of the Mortgagor and Mortgagees.

The equipment covered by this document consists of two hundred and fifty (250) coal unit train cars, more specifically described as follows:

Two Hundred and Fifty (250) Aluminum Outside Stake Flat Floored Bethgon Coalporter coal cars, manufactured by Johnstown America Corporation in 1999. These cars bear reporting marks DAPX 301-550, number sequentially.

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The A.A.R. mechanical designation for these cars is J311 (GT).

The short summary of this document for indexing purposes is:

Supplement dated March 1, 2002 to Consolidated Mortgage and Security Agreement dated February 10, 1993, with Recordation No. 10769, and covering two hundred and fifty (250) coal unit train cars.

We request that you charge our STB account in the amount of the requisite filing fee. The bearer of this letter will provide that account number to you. Please accept for recordation the original agreement, stamp the certified copy with your recordation number, and return that copy to the bearer of this letter along with your fee receipt addressed to the undersigned.

Thank you for your consideration in this matter.

Sincerely,



Andrew B. Kolesar III
An Attorney for Dairyland
Power Cooperative

Enclosures

RWS PROJECT DESIGNATION:

WISCONSIN 64-BH8, BK8 and BL8 LA CROSSE

**SUPPLEMENT TO
CONSOLIDATED MORTGAGE
AND
SECURITY AGREEMENT**

Made By and Among

DAIRYLAND POWER COOPERATIVE

3200 East Avenue South
La Crosse, Wisconsin 54602-0817,
Debtor and Mortgagor

and

UNITED STATES OF AMERICA

Rural Utilities Service
Washington, D.C. 20250-1500,
Secured Party and Mortgagee

and

COBANK, ACB

5500 South Quebec Street
Greenwood Village, Colorado 80111-1914,
Secured Party and Mortgagee

and

U.S. BANK TRUST, NATIONAL ASSOCIATION, TRUSTEE

100 Wall Street
New York, New York 10015,
Secured Party and Mortgagee

RECORDATION NO. 10769-I FILED
MAY 30 '02 12-55 PM
SURFACE TRANSPORTATION BOARD

Return to

Parcel No.

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
THE DEBTOR AS MORTGAGOR IS A TRANSMITTING UTILITY.
THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER ACCOUNTS, REAL AND PERSONAL PROPERTY, AFTER-ACQUIRED PROPERTY, FIXTURES, PROCEEDS, FUTURE ADVANCES AND FUTURE OBLIGATIONS.
THIS INSTRUMENT IS A SUPPLEMENTAL MORTGAGE AND SECURITY AGREEMENT TO SECURE ADDITIONAL LOANS MADE AND GUARANTEED BY THE GOVERNMENT AND COBANK.
COUNTY OF DEBTOR'S RESIDENCE: LA CROSSE.
THIS INSTRUMENT WAS PREPARED BY ATTORNEY HELEN HARRIS, OFFICE OF THE GENERAL COUNSEL, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C. 20250-1400.
NOTICE: This Mortgage secures credit in the amount of up to 1 billion dollars (\$1,000,000,000) and advances up to this amount, together with interest, are senior to indebtedness to other creditors under subsequently recorded or filed mortgages or liens.
THIS MORTGAGE AFFECTS THE MORTGAGES SPECIFICALLY DESCRIBED IN APPENDIX C HERETO.
ORGANIZATIONAL NUMBER: 3D02158

No. 60

SUPPLEMENT, dated as of March 1, 2002, made by and among DAIRYLAND POWER COOPERATIVE (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Wisconsin, UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Utilities Service (hereinafter called "RUS"), successor to the Administrator of the Rural Electrification Administration, COBANK, ACB (hereinafter called "CoBank"), a federally chartered instrumentality of the United States of America, and U.S. BANK TRUST, NATIONAL ASSOCIATION, TRUSTEE (formerly known as "First Trust Company of New York, National Association, Trustee") (hereinafter called the "Trustee"), a corporation existing under the laws of the State of New York, (the Government, CoBank and the Trustee being hereinafter sometimes collectively called the "Mortgagees") to CONSOLIDATED MORTGAGE AND SECURITY AGREEMENT, dated as of February 10, 1993, made by and among the Mortgagor, the Government, the Trustee, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC"), a corporation existing under the laws of the District of Columbia.

WHEREAS, the Mortgagor, for value received, has heretofore duly authorized and executed, and has delivered to the Government, or has assumed the payment of, certain mortgage notes all payable in installments to the order of, or obligating the Mortgagor otherwise to the Government, of which the certain Outstanding RUS Notes, as identified in Appendix A of the RUS Mortgage, are now outstanding and held by the Government, all of which Outstanding RUS Notes evidence loans made by the Government either to the Mortgagor or to third parties and assumed by the Mortgagor, or loans made to the Mortgagor and guaranteed by the Government; and

WHEREAS, the Mortgagor, for value received, has heretofore duly authorized and executed, and has delivered to CFC, certain Notes as identified in Appendix A of the RUS Mortgage, which are no longer unpaid and outstanding and are not entitled to be secured by the Mortgage; and

WHEREAS, the Mortgagor, for value received, has heretofore duly authorized and executed and has delivered to the City of La Crosse, Wisconsin, which has assigned to the Trustee, the Outstanding La Crosse Notes, as identified in the RUS Mortgage, which are now outstanding; and

WHEREAS, the Outstanding RUS Notes and the Outstanding La Crosse Notes are hereinafter referred to as the "Outstanding Notes" and are secured by the RUS Mortgage; and

WHEREAS, the Mortgagor has determined to borrow additional funds from the Federal Financing Bank and guaranteed by the Government, and has duly authorized, executed and delivered or is about to duly authorize, execute and deliver its Current RUS Guaranteed Notes (each as hereinafter identified in Appendix A and hereinafter collectively called the "Current RUS Guaranteed Notes") to be secured by the RUS Mortgage, as amended and supplemented hereby, of the property hereinafter described; and

WHEREAS, the repayment of the Current RUS Guaranteed Notes by the Mortgagor is guaranteed by the Government, pursuant to the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 et seq.), in accordance with a certain agreement; and

WHEREAS, in consideration of such guarantee, the Mortgagor has determined to reimburse the Government, acting through the Administrator of RUS, for certain amounts paid by the Government, acting through the Administrator of RUS from time to time pursuant to that certain guarantee by the Government, acting through the Administrator of RUS, and has accordingly duly authorized, executed and delivered its Current Reimbursement Notes (each as hereinafter identified in Appendix A and hereinafter collectively called the "Current Reimbursement Notes" and the Current RUS Guaranteed Notes and the Current Reimbursement Notes hereinafter collectively called "Current RUS Notes") to be secured by the RUS Mortgage, as amended and supplemented hereby, of the property hereinafter described; and

WHEREAS, the Mortgagor has duly authorized, executed and delivered or is about to duly authorize, execute and deliver to CoBank, its Current CoBank Class B Note (as hereinafter identified and hereinafter called the "Current CoBank Class B Note") to be secured by the RUS Mortgage, as amended and supplemented hereby; and

WHEREAS, it was the intention of the Mortgagor at the time of the execution of the RUS Mortgage (or, if the RUS Mortgage consists of more than one instrument, at the time of the execution of the earliest instrument thereof) that the property of the Mortgagor of the classes described therein, as being mortgaged or pledged thereby, or intended so to be, whether then owned or thereafter acquired, would secure certain Notes of the Mortgagor executed and delivered prior to the execution and delivery of the RUS Mortgage (or, if the RUS Mortgage consists of more than one instrument, prior to the execution and delivery of the earliest instrument thereof), and certain Notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as from time to time amended or supplemented, and it is intended by the Mortgagor to confirm hereby the RUS Mortgage and the property therein described as being mortgaged or pledged, or intended so to be, as security for the Outstanding Notes, and other Notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as amended and supplemented hereby; and

WHEREAS, the RUS Mortgage provides that the Mortgagor shall, upon the written demand of the Government and the Trustee, duly authorize, execute, and deliver and record and file all such supplemental mortgages and conveyances as may reasonably be requested by the Government and the Trustee to effectuate the intention of the RUS Mortgage and to provide for the

conveying, mortgaging and pledging of the property of the Mortgagor intended to be conveyed, mortgaged or pledged by the RUS Mortgage to secure the payment of the principal of and interest on notes executed and delivered thereunder and pursuant thereto, or otherwise secured thereby, the Government and the Trustee have in writing requested the execution and delivery of this Supplement (hereinafter called "this Supplemental Mortgage") to the RUS Mortgage pursuant to such provision; and

WHEREAS, all acts, things, and conditions prescribed by law and by the articles of incorporation and bylaws of the Mortgagor have been duly performed and complied with to authorize the execution and delivery hereof and to make the RUS Mortgage, as amended and supplemented hereby, a valid, binding and legal instrument for the security of such Notes and obligations under the terms of the RUS mortgage and to secure the Outstanding Notes and other Notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as amended and supplemented hereby; and

WHEREAS, the Government, CoBank and the Trustee are authorized to enter into this Supplemental Mortgage; and

WHEREAS, it is the intention of the Mortgagor, the Government and the Trustee to amend and supplement the RUS Mortgage in order among other things, to secure the Current RUS Guaranteed Notes, the Current Reimbursement Notes, and the Current CoBank Class B Note under the RUS Mortgage and to add CoBank as a secured party and mortgagee; and

WHEREAS, the Mortgagor, the Government, the Trustee and CoBank acknowledge and agree that it is their intent to continue the lien and lien priority of the existing RUS Mortgage, and not to satisfy or discharge that lien; and

WHEREAS, it is further intended by the Mortgagor, at the request and with the consent of the Mortgagees, to amend the Mortgage in the respects hereinafter set forth; and

NOW, THEREFORE, in consideration of the premises and the sum of \$5 in hand paid by the Mortgagees to the Mortgagor, the receipt whereof by the Mortgagor prior to the execution and delivery of this Supplemental Mortgage is hereby acknowledged, this Supplemental Mortgage witnesseth as follows:

1. The Mortgagor has executed and delivered this Supplemental Mortgage and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged and set over, and by these presents does hereby grant, bargain, sell, convey, warrant, assign, transfer, mortgage, pledge and set over, unto the Mortgagees and their respective assigns, all and singular the real and personal property described in the RUS Mortgage as being mortgaged thereby and all and singular the real and personal property of the Mortgagor falling within the classes of property embraced in the description of the "Mortgaged Property" set forth in the RUS Mortgage, including, without limitation, all and singular the real and personal property of said description heretofore or hereafter acquired by or constructed by or on behalf of the Mortgagor, and wheresoever situate,

including, without limitation, the "Existing Electric Facilities" identified and the real estate specifically described (by reference to deeds or otherwise) in the RUS Mortgage and mortgaged thereby (except such portions, if any, thereof as have been released prior to the execution and delivery of this Supplemental Mortgage), and including, without limitation, the following described real estate, to wit:

A. The electric generating plants and facilities and electric transmission and distribution lines and facilities and other property and property interests referred to in Paragraph I of the Granting Clause are located in the Counties of Ashland, Barron, Bayfield, Buffalo, Burnett, Chippewa, Clark, Crawford, Dunn, Eau Claire, Grant, Iron, Jackson, Juneau, La Crosse, Lafayette, Marathon, Monroe, Pepin, Pierce, Polk, Price, Richland, Rusk, Sauk, Sawyer, St. Croix, Taylor, Trempealeau, Vernon, Washburn and Wood, in the State of Wisconsin; Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Wabasha and Winona, in the State of Minnesota; Allamakee, Chickasaw, Clayton, Fayette, Floyd, Howard, Mitchell, Winnebago, Winneshiek and Worth, in the State of Iowa; and Carroll and Jo Daviess, in the State of Illinois.

B. The other property referred to in Paragraph I of the Granting Clause includes the following, more particularly described in Appendix B hereto.

AND ALSO including, without limitation:

I

All right, title and interest of the Mortgagor in and to all extensions and improvements of the "Existing Electric Facilities", as provided above, and additions thereto, including all substations, service and connecting lines (both overhead and underground), poles, towers, posts, crossarms, wires, cables, conduits, mains, pipes, tubes, transformers, insulators, meters, electrical connections, lamps, fuses, junction boxes, fixtures, appliances, generators, dynamos, water turbines, water wheels, boilers, steam turbines, motors, switch boards, switch racks, pipe lines, machinery, tools, supplies, switching and other equipment, and any and all other property of every nature and description, used or acquired for use by the Mortgagor in connection therewith;

II

All right, title and interest of the Mortgagor in, to and under any and all grants, privileges, rights of way and easements now owned, held, leased, enjoyed or exercised, or which may hereafter be owned, held, leased, acquired, enjoyed or exercised, by the Mortgagor for the purposes of, or in connection with, the construction or operation by or on behalf of the Mortgagor of electric transmission or distribution lines, or systems, whether underground or overhead or otherwise, or of any electric generating plant, wherever located;

III

All right, title and interest of the Mortgagor in, to and under any and all licenses, franchises, ordinances, allowances, privileges and permits heretofore granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by the United States of America, or by any state, or by any county, township, municipality, village or other political subdivision thereof, or by any agency, board, commission or department of any of the foregoing, authorizing the construction, acquisition, or operation of electric transmission or distribution lines, or systems, or any electric generating plant or plants, insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged, or pledged;

IV

All right, title and interest of the Mortgagor in, to and under any and all contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm, or corporation providing for the purchase, sale, exchange or transmission of electric power or energy by the Mortgagor together with any and all other accounts, contract rights and general intangibles (as such terms are defined in the applicable Uniform Commercial Code) heretofore or hereafter acquired by the Mortgagor;

V

Also, all right, title and interest of the Mortgagor in and to all other property, real or personal, tangible or intangible, of every kind, nature and description, and wheresoever situated, now owned or hereafter acquired by the Mortgagor, it being the intention hereof that all such property now owned but not specifically described herein or acquired or held by the Mortgagor after the date hereof shall be as fully embraced within and subjected to the lien hereof as if the same were now owned by the Mortgagor and were specifically described herein to the extent only, however, that the subjection of such property to the lien hereof shall not be contrary to law;

Together with all rents, income, revenues, profits, proceeds, products and benefits at any time derived, received or had from any and all of the above-described property of the Mortgagor.

Provided, however, that except as provided in section 4.13 of article IV of the RUS Mortgage, no automobiles, trucks, trailers, tractors or other vehicles (including without limitation aircraft or ships, if any) owned or used by the Mortgagor shall be included in the property mortgaged by the RUS Mortgage and this Supplemental Mortgage.

TO HAVE AND TO HOLD the same forever, for the uses and purposes and upon the terms, conditions, provisos and agreements expressed and declared in the RUS Mortgage, as amended and supplemented hereby.

It is further agreed and covenanted that the RUS Mortgage as previously restated, amended, or supplemented, and this Supplemental Mortgage shall constitute one agreement and the

parties hereto shall be bound by all the terms thereof, and without limiting the foregoing, the RUS Mortgage is amended as follows:

2. The RUS Mortgage is amended by the addition of Co Bank as a secured party and mortgagee.

3. The RUS Mortgage is amended by deleting all definitions with CFC in the name and by the addition, in alphabetical order, of the following definitions to Article I:

Additional CoBank Class B Notes shall mean additional notes and refunding, renewal, and substitute notes which may from time to time be executed and delivered by the Mortgagor to CoBank with respect to which the Government shall have given prior written approval to be secured as CoBank Notes in accordance with Section 3.01 hereof.

Additional Notes shall mean Additional CoBank Class B Notes and Additional RUS Notes.

Administrator shall mean the Administrator of the RUS or his duly authorized representative or any other person or authority in whom may be invested the duties and function which the Administrator is now or may hereafter be authorized by law to perform.

CoBank Loan Agreements shall mean those certain agreements more particularly identified in Appendix A hereto, executed by and between the Mortgagor and CoBank; any amendments or supplements to any of the preceding agreements which have been approved by the Government; together with any agreements as may hereafter be executed by and between the Mortgagor and CoBank which have been approved by the Government in connection with the execution and delivery of Additional CoBank Notes in accordance with Section 3.01 hereof.

CoBank Notes shall mean the Current CoBank Class B Note and the Additional CoBank Class B Notes.

CoBank Class B Notes shall mean the Current CoBank Class B Notes and the Additional CoBank Class B Notes.

Contemporaneous Loan shall mean a loan made pursuant to a loan agreement or agreements providing for a loan or loans secured by this Mortgage, the making of which by either the Government or CoBank is conditioned upon the making of a loan, therein described, by the other lender.

Current CoBank Class B Notes shall mean the note or notes more particularly described in Appendix A hereof, heretofore or about to be executed and delivered by the Mortgagor to CoBank to evidence indebtedness created by loans made by CoBank pursuant to the Co Bank Loan Agreements.

Current Reimbursement Notes shall mean the note or notes more particularly described in Appendix A hereto, heretofore or about to be executed and delivered by the Mortgagor to the Government to evidence indebtedness or obligations created by loans made or guaranteed by the Government pursuant to the Act and the RUS Loan Agreement.

Current RUS Guaranteed Notes shall mean the note or notes more particularly described in Appendix A hereto, heretofore or about to be executed and delivered by the Mortgagor to the Government to evidence indebtedness or obligations created by loans made or guaranteed by the Government pursuant to the Act and the RUS Loan Agreement.

Current RUS Notes shall mean the Current RUS Guaranteed Notes and the Current Reimbursement Notes.

Noteholder or Noteholders shall mean one or more of the holders of Notes secured by this Mortgage.

4. Article III of the RUS Mortgage is amended by deleting and replacing Section 3.01 in its entirety to read as follows:

SECTION 3.01. Additional Notes Secured by this Mortgage. The Mortgagor, when authorized by resolution or resolutions of its board of directors, may from time to time (1) execute and deliver to the Government one or more Additional RUS Notes and (2) execute and deliver to CoBank one or more Additional CoBank Notes. The Mortgagor, when authorized by resolution or resolutions of its board of directors, may also from time to time execute and deliver one or more Additional Notes to refund any Note or Notes at the time outstanding and secured hereby, or in renewal of, or in substitution for, any such outstanding Note or Notes. Additional Notes shall contain such provisions and shall be executed and delivered upon such terms and conditions as the board of directors of the Mortgagor in the resolution or resolutions authorizing the execution and delivery thereof and the relevant lender shall prescribe; provided, however, that the Notes and other obligations at any one time secured hereby shall not exceed in the aggregate principal amount the Maximum Debt Limit, and no Note shall mature more than 50 years after the date of this Consolidated Mortgage and Security Agreement.

No Additional CoBank Notes shall be secured by this Mortgage without the prior written approval thereof by the Government.

5. Article IV of the RUS Mortgage is amended by deleting and replacing Section 4.19 and Section 4.23 in their entirety to read as follows:

SECTION 4.19. Compliance with RUS Loan Agreement and CoBank Loan Agreements; Notice of Amendments to, and Defaults under, RUS Loan Agreement, CoBank Loan Agreements and Certain Other Agreements; Terms of Mortgage to Govern. The Mortgagor will well and truly observe and perform all of the covenants, agreements, terms and conditions contained in the RUS Loan Agreement and the CoBank Loan Agreements, as from time to time amended, on its

part to be observed or performed. The Mortgagor will promptly furnish each Mortgagee with written notice of any amendment or modification of this Mortgage, the RUS Loan Agreement and the CoBank Loan Agreements, and of the occurrence of any event of default under this Mortgage, the RUS Loan Agreement or the CoBank Loan Agreements and, so long as any of the CoBank Notes shall remain unpaid and outstanding, and of the occurrence of any event of default thereunder. For purposes of this Mortgage, in the event of any inconsistency between the terms of this Mortgage and the terms of the RUS Loan Agreement or the CoBank Loan Agreements, the terms of this Mortgage shall govern.

SECTION 4.23. When Rights of Government to Vest in CoBank; When Rights of CoBank to Vest in Government. If all the RUS Notes have been paid and discharged while any of the CoBank Notes are still outstanding, all rights and powers of the Government and the holders of the RUS Notes under this Mortgage shall immediately vest in CoBank and the holders of the CoBank Notes, respectively, and, correspondingly, if all the CoBank Notes have been paid and discharged while any of the RUS Notes are still outstanding, all rights and powers of CoBank and the holders of the CoBank Notes under this Mortgage shall immediately vest in the Government and the holders of the RUS Notes, respectively. CoBank, the Government, the Mortgagor and the Noteholders shall execute and deliver such instruments, assignments, releases or other documents as shall be reasonably required to carry out the intention of this Section 4.23.

6. Article V of the RUS Mortgage is amended by deleting and replacing Section 5.01 to read in its entirety as follows:

SECTION 5.01. Events of Default; Remedies of the Government. If one or more of the following events (hereinafter called "Events of Default") shall happen:

- (a) default shall be made in the payment of any installment of or on account of interest on, premium, if any, or principal of, any Note or Notes when and as the same shall be required to be made whether by acceleration or otherwise;
- (b) any representation or warranty made by the Mortgagor herein, in the RUS Loan Agreement, the CoBank Loan Agreements or in any certificate delivered hereunder or thereunder shall prove to have been incorrect or untrue in any material respect when made;
- (c) default shall be made in the due observance or performance of any of the covenants, conditions or agreements on the part of the Mortgagor contained in Sections 4.03, 4.04, 4.05, 4.07, 4.16 and 4.22 hereof;
- (d) default shall be made in the due observance or performance of any other of the covenants, conditions or agreements on the part of the Mortgagor, in any of the Notes, RUS Loan Agreement, CoBank Loan Agreements or in this Mortgage contained, and such default shall continue for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Mortgagor by any Noteholder;

(e) the Mortgagor shall file a petition in bankruptcy or be adjudicated a bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of its property, or shall institute proceedings for its reorganization or proceedings instituted by others for its reorganization shall not be dismissed within 30 days after the institution thereof;

(f) a receiver, trustee or liquidator of the Mortgagor or of any substantial portion of its property shall be appointed and the order appointing such receiver or liquidator shall not be vacated within 30 days after the entry thereof;

(g) the Mortgagor shall forfeit or otherwise be deprived of its corporate charter or franchises, permits, easements or licenses required to carry on any material portion of its business;

(h) a final judgment shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of 30 days; or

(i) a violation of the terms of any subordination agreement entered into in connection with any Subordinated Indebtedness shall have occurred,

then in each and every such case the Government, to the extent permitted by applicable state law on behalf of all the Noteholders, may, in its discretion

(aa) without protest, presentment or demand, declare all unpaid principal of and accrued interest on the Notes to be due and payable immediately; and upon any such declaration all such unpaid principal and accrued interest so declared to be due and payable shall become and be due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding;

(bb) take immediate possession of the Mortgaged Property, collect and receive all credits, outstanding accounts and bills receivable of the Mortgagor and all rents, income, revenues and profits pertaining to or arising from the Mortgaged Property, or any part thereof, and issue binding receipts therefor; and manage, control and operate the Mortgaged Property as fully as the Mortgagor might do if in possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable;

(cc) proceed to protect and enforce the rights of the Mortgagees and the rights of the Noteholder or Noteholders under this Mortgage by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or agreement contained herein or in aid of the execution of any power herein granted or for the foreclosure hereof or hereunder or for the sale of the Mortgaged Property, or any part thereof, or to collect the debts hereby secured or for the enforcement of such other or additional appropriate legal or equitable remedies as may be deemed most effectual to protect and enforce the rights and remedies herein granted or conferred, and in the event of the

institution of any such action or suit the Government shall have the right, irrespective of the adequacy of the security, to have appointed a receiver of the Mortgaged Property and of all rents, income, revenues, and profits pertaining thereto or arising therefrom derived, received or had from the time of the commencement of such suit or action, and such receiver shall have the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if application is made hereunder for the appointment of a receiver, the Mortgagor hereby expressly consents that the court to which the Government shall make such application may, irrespective of the adequacy of the security, make said appointment; and

(dd) sell or cause to be sold all and singular the Mortgaged Property or any part thereof, and all right, title, interest, claim and demand of the Mortgagor therein or thereto, at public auction or otherwise, as may be prescribed or permitted, and in the manner prescribed or permitted by applicable law.

7. Article V of the RUS Mortgage is amended by deleting and replacing Sections 5.02(a) and 5.02 (b) to read in their entirety as follows:

SECTION 5.02. When Mortgagees and Noteholders Other than the Government May Exercise Remedies.

(a) Majority Noteholders. Upon the expiration of 30 days after the happening of an Event or Events of Default, any right or remedy herein or by law conferred which the Government shall not have proceeded to exercise or enforce may, to the extent permitted by applicable state law, be exercised and enforced by the Majority Noteholders on behalf of all the Noteholders.

(b) CoBank Class B Remedies. Notwithstanding the remedial rights of the Government provided for in Section 5.01 hereof, and of the Majority Noteholders in Section 5.02(a) hereof, so long as any of the CoBank Notes shall be unpaid and outstanding:

(1) Upon the occurrence of any Event of Default described in Section 5.01(a) hereof in respect of any CoBank Class B Note if such Event of Default or any Event of Default described in Section 5.01(e) or Section 5.01(f) hereof in respect of any CoBank Class B Note shall not have been cured after the expiration of 90 days from the initial occurrence of such Event of Default, CoBank may exercise such right or remedy on behalf of all the Noteholders described in Section 5.01 hereof.

(2) So long as the CoBank Class B Notes are unpaid and outstanding, if, in the opinion of counsel satisfactory to the Government, the Government may not lawfully act on behalf and for the benefit of all Noteholders other than the Government, CoBank shall have the right in respect of any CoBank Class B Note to exercise any right of remedy herein or by law conferred.

(3) Nothing in this Mortgage contained shall affect or impair the right, which is absolute and unconditional, of any CoBank Class B Noteholder to enforce the payment of the principal of, premium, if any, or interest on the CoBank Class B Note or Notes held by such CoBank Class B Noteholder on the date or dates any such interest, premium or principal shall become due and payable, whether by acceleration or otherwise, in accordance with the terms of such note; provided, however, that no such acceleration shall be effective unless pursuant to Section 5.02(b) hereof.

8. Article V of the RUS Mortgage is amended by deleting Section 5.02(c) in its entirety.

9. Article V of the RUS Mortgage is amended by redesignating Section 5.02(d) as Section 5.02(c) and by adding the section heading to read as follows: “(c)Trustee Remedies.”

10. Article VII of the RUS Mortgage is amended by deleting and replacing Section 7.03 to read in its entirety as follows:

SECTION 7.03. Consent of CoBank Not Required for Certain Amendments to Mortgage. Notwithstanding any other provisions of this Mortgage, the consent of CoBank or of any holder of any of the CoBank Notes shall not be required for any amendment of this Mortgage for any one or more of the following purposes:

(a) to convey, transfer and assign to the Mortgagees and to subject to the lien of this Mortgage, with the same force and effect as though included in the Granting Clause hereof, additional property;

(b) to add to the covenants of the Mortgagor further covenants, restrictions or conditions for the protection of the holders of the Notes secured hereby, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of any or all of the several remedies provided in this Mortgage as herein set forth; provided, however, that in respect of any such additional covenant, restriction of covenant such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults, but in no event longer than 30 days) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Mortgagees upon such default; or

(c) to increase the amount of the Maximum Debt Limit.

11. Appendix A of the RUS Mortgage is amended by adding the following:

“APPENDIX A”

"Current RUS Guaranteed Notes" and "Current Reimbursement Notes"

:

* <u>Designation</u> 2002 BH8	<u>Principal Amount</u> \$44,416,000	<u>Interest Rate</u> <u>(per annum)</u> Determined when advanced Interest Rate	<u>Final Payment Date</u> December 31, 2031
<u>Designation</u> 2002 BH8 Reimbursement Note	<u>Principal Amount</u> Determined when advance made	<u>(per annum)</u> Determined when advanced	<u>Final Payment Date</u> On demand
* <u>Designation</u> 2002 BK8	<u>Principal Amount</u> \$45,705,000	<u>Interest Rate</u> <u>(per annum)</u> Determined when advanced	<u>Final Payment Date</u> December 31, 2031
<u>Designation</u> 2002 BK8 Reimbursement Note	<u>Principal Amount</u> Determined when advance made	<u>Interest Rate</u> <u>(per annum)</u> Determined when advanced	<u>Final Payment Date</u> On demand
* <u>Designation</u> 2002 BL8	<u>Principal Amount</u> \$18,103,000	<u>(per annum)</u> Determined when advanced	<u>Final Payment Date</u> December 31, 2016
<u>Designation</u> 2002 BL8 Reimbursement Note	<u>Principal Amount</u> Determined when advance made	<u>Interest Rate</u> <u>(per annum)</u> Determined when advanced	<u>Final Payment Date</u> On demand

* Notes which evidence Federal Financing Bank loans which have been guaranteed by RUS. RUS has all the rights of Noteholder for purposes of this Mortgage.

"RUS Mortgage":

<u>Instrument</u>	<u>Date</u>
Consolidated Mortgage and Security Agreement	February 10, 1993
Supplement to Consolidated Mortgage and Security Agreement	July 1, 1997
Supplement to Consolidated Mortgage and Security Agreement	August 1, 1999

“Current CoBank Class B Note”:

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Final Payment Date</u>
ML0626T2	July 16, 1999	\$13,750,000	August 20, 2019

“CoBank Loan Agreements”:

Master Loan Agreement No. MLO626 dated October 6, 1998
Amendments to Master Loan Agreement No. MLO626 dated May 9, 2001 and July 5, 2001

12. The Outstanding Notes and the Current RUS Guaranteed Notes, the Current Reimbursement Notes, and the Current CoBank Class B Notes are hereby confirmed as notes of the Mortgagor entitled to the security of the RUS Mortgage, as amended and supplemented by this Supplemental Mortgage, and of the property by the RUS Mortgage and this Supplemental Mortgage mortgaged and pledged, or intended so to be, equally and ratably with one another and with other notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as amended and supplemented hereby, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided in the RUS Mortgage, as amended and supplemented hereby) or as to lien or otherwise, of any one of the Outstanding Notes or such other Notes over any other thereof and irrespective of the date of the execution, delivery or maturity thereof, or of the assignment or negotiation thereof or otherwise.

13. Additional Notes executed and delivered pursuant to Section 3.01 of Article III of the RUS Mortgage, as amended hereby, are hereby included within the terms "Additional Notes" and "Note or Notes", as defined in the RUS Mortgage, as amended hereby.

14. Any reference in this Supplemental Mortgage or in the RUS Mortgage to the Administrator shall be deemed to mean the Administrator of the Rural Utilities Service or his duly authorized representative or any other person or authority in whom may be vested the duties and functions which the Administrator is now or may hereafter be authorized by law to perform.

15. Any reference in the RUS Mortgage to the “Rural Electrification Administration” or to “REA” shall be deemed to mean respectively the “Rural Utilities Service” or “RUS”.

16. All demands, notices, reports, approvals, designations, or directions required or permitted to be given under the RUS Mortgage, as amended hereby, shall be in writing and shall be deemed to be properly given if mailed by registered mail addressed to the proper party or parties at the following addresses:

As to the Debtor Mortgagor: as stated in the testimonium clause hereof.

As to the Secured Parties Mortgagees:

the Government: Rural Utilities Service
Washington, D. C. 20250-1500

U.S. Bank Trust, National Association, Trustee
100 Wall Street
New York, New York 10015

CoBank, ACB
5500 South Quebec Street
Greenwood Village, Colorado 80111-1914
Attention: Communications and Energy Banking Group

and as to any other person, firm, corporation or governmental body or agency having an interest herein by reason of being the holder of any note or otherwise, at the last address designated by such person, firm, corporation, governmental body or agency to the Mortgagor and the Mortgagees. The Mortgagor or the Mortgagees may from time to time designate to each other a new address to which demands, notices, reports, approvals, designations or directions may be addressed and from and after any such designation the address designated shall be deemed to be the address of such party in lieu of the address hereinabove given.

17. To the extent that any of the property described or referred to herein and in the Mortgage is governed by the provisions of the Uniform Commercial Code, the RUS Mortgage and this Supplemental Mortgage, collectively, are hereby deemed a "security agreement" under the Uniform Commercial Code, and this Supplemental Mortgage is also hereby declared to be a "financing statement", under the Uniform Commercial Code for said security agreement. The mailing address of the Mortgagor as debtor, and of the Mortgagees as secured parties, are as set forth in the RUS Mortgage and in Section 16 of this Supplemental Mortgage.

18. All of the terms, provisions and covenants of the RUS Mortgage, except as expressly modified hereby, shall be and remain in full force and effect.

19. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Supplemental Mortgage shall not affect the validity of the remaining portions hereof.

20. This Supplemental Mortgage may be simultaneously executed in any number of counterparts, and all of said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, DAIRYLAND POWER COOPERATIVE, 3200 East Avenue South, La Crosse, Wisconsin 54602-0817, as Mortgagor, has caused this Supplemental Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, UNITED STATES OF AMERICA, as Mortgagee, has caused this Supplemental Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, COBANK, ACB, as Mortgagee, has caused this Supplemental Mortgage to be duly executed in its behalf, and U.S. BANK TRUST, NATIONAL ASSOCIATION, TRUSTEE, as Mortgagee, has caused this Supplemental Mortgage to be duly executed in its behalf, all as of the day and year first above written.

DAIRYLAND POWER COOPERATIVE

by William L Berg
President and CEO

(Seal)

Attest: Raunie A. Engen
Assistant Secretary

Executed by the Mortgagor in
the presence of:

David M. Holland
[Signature]
Witnesses

UNITED STATES OF AMERICA

by [Signature]
Administrator
of the
Rural Utilities Service

Executed by United States of America,
Mortgagee, in the presence of:

Laura M. Hensley
Charlotte Curtis
Witnesses

COBANK, ACB

by Jimmy Provaso
Assistant Corporate Secretary

(SEAL)

Attest: Valerie Sample
Assistant Corporate Secretary

Executed by CoBank, ACB, Mortgagee,
in the presence of:

James Tucker
Helen Robinson
Witnesses

U.S. BANK TRUST, NATIONAL
ASSOCIATION, TRUSTEE

by Barbara A. Nish
(Title) VICE PRESIDENT

(SEAL)

Attest: [Signature]
~~Assistant Secretary~~ TRUST officer

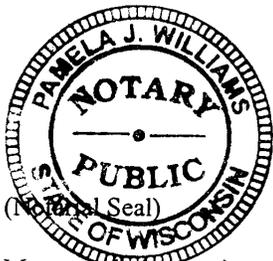
Executed by U.S. Bank Trust, National
Association, Trustee, Mortgagee, in the
presence of:

[Signature]
[Signature]
Witnesses

STATE OF WISCONSIN)
) SS
COUNTY OF LA CROSSE)

On this 15th day of May, 2002, personally came before me, William L. Berg, President and CEO, and Laurie A. Engen, Assistant Secretary, of DAIRYLAND POWER COOPERATIVE, a corporation, to me known to be the persons who executed the foregoing instrument and to be such officers, and acknowledged that they executed the same as such officers as the free act and deed of said corporation by its authority.

I hereby certify that said instrument was executed in my presence and in the presence of the subscribing witnesses aforesaid.



Pamela J. Williams
Notary Public

My commission expires: April 30, 2006

DISTRICT OF COLUMBIA) SS

On this 24th day of APRIL, 2002, personally appeared before me ~~Lois~~ Blaine D. Stockton, who, being duly sworn, did say that he is the Administrator of the Rural Utilities Service, United States of America, an agency of the United States of America and acknowledged to me that, acting under a delegation of authority duly given and evidenced by law and presently in effect, he executed said instrument as the act and deed of the United States of America for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have heretofore set my hand and official seal the day and year last above written.

James F. Mothershead
Notary Public

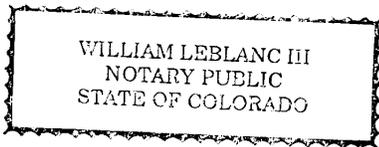
JAMES F. MOTHERSHEAD

(Notarial Seal)

My commission expires: 6-14-2004

STATE OF COLORADO)
) SS
COUNTY OF ARAPAHOE)

On the 1st day of May, in the year 2002, before me, a Notary Public, personally appeared Penny Probasco and Valerie Sample, known to me to be the Assistant Corporate Secretaries of COBANK, ACB, a federally chartered instrumentality of the United States that executed the within instrument, and acknowledged to me that such federally chartered instrumentality of the United States executed the same.





Notary Public for State of Colorado

(Notarial Seal)

My commission expires: May 2, 2004

STATE OF NEW YORK)
) SS
COUNTY OF ~~KINGS~~)
Richmond

On the 13th day of May, in the year 2002, before me, personally came Barbara DASTRO, to me known, who, being by me duly sworn, did depose and say that he resides in New York, that he is the **Vice President** of U.S. Bank Trust, National Association, a corporation described in and which executed the above instrument, that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was affixed by order of the board of directors of said corporation; and that he signed his name thereto by like order.



Notary Public

(Notarial Seal)

My commission expires:

DORIS WARE
Notary Public, State Of New York
No. 01WA5017241
Qualified in Richmond County
Commission Expires November 9, 2005

CERTIFICATE

pursuant to
49 C.F.R. § 1177.3(b) (1)

DISTRICT OF COLUMBIA)
)
)

I hereby certify that on this 30th day of May, 2002, I compared the foregoing copy of the March 1, 2002 Supplement to Consolidated Mortgage and Security Agreement with the original and have found the copy to be complete and identical in all respects to the original document.

Kelly-Ann Williams
Notary Public

My Commission expires: My Commission Expires January 31, 2007