

INVITATION TO TENDER BONDS FOR PURCHASE

made by
**THE CITY OF LINCOLN, NEBRASKA
LINCOLN ELECTRIC SYSTEM**

to the Beneficial Owners of

**THE CITY OF LINCOLN, NEBRASKA
LINCOLN ELECTRIC SYSTEM**

Revenue Refunding Bonds, Series 2016

Revenue Bonds, Series 2018

Revenue Refunding Bonds, Taxable Series 2020B

of the maturities and corresponding CUSIP numbers listed on pages (i) and (ii) hereof for cash.

THIS INVITATION TO TENDER BONDS FOR PURCHASE WILL EXPIRE AT 5:00 P.M., EASTERN TIME, ON MAY 29, 2026, UNLESS CANCELED OR EXTENDED AS DESCRIBED HEREIN. TENDERED TARGET BONDS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE. SEE “TERMS OF THIS INVITATION.”

The Lincoln Electric System (the “LES”) of the City of Lincoln, Nebraska (the “City”), with the assistance of BofA Securities, Inc., as dealer manager (the “Dealer Manager”), makes this Invitation to Tender Bonds for Purchase, dated May 15, 2026 (as it may be amended or supplemented, including the cover page, inside cover pages and appendices, this “Invitation”), to the beneficial owners (the “Holders” or “Bondholders”) of certain outstanding maturities of the City’s (i) The City of Lincoln, Nebraska Lincoln Electric System Revenue Refunding Bonds, Series 2016 (the “2016 Target Bonds”); (ii) The City of Lincoln, Nebraska Lincoln Electric System Revenue Bonds, Series 2018 (the “2018 Target Bonds”); and (iii) The City of Lincoln, Nebraska Lincoln Electric System Revenue Refunding Bonds, Taxable Series 2020B (the “2020 Target Bonds”) (collectively, the “Target Bonds”) set forth on the inside cover pages of this Invitation.

Pursuant to this Invitation, the LES invites each Bondholder to tender to the LES (an “Offer”), for cash purchase, all or part of its beneficial ownership interests in the Target Bonds, subject to the provisions set forth herein.

Should the LES accept an Offer to purchase a validly tendered Target Bond, the purchase price for such Target Bond (the “Purchase Price”) will be determined as follows:

- With respect to the 2016 Target Bonds and 2018 Target Bonds (collectively, the “Tax-Exempt Target Bonds”) listed in Table 1 of this Invitation, the Offer price will be the Purchase Price set forth therein (the “Tax-Exempt Purchase Price”).
- With respect to the 2020 Target Bonds (also referred to herein as the “Taxable Target Bonds”) listed in Table 2 of this Invitation, the LES will calculate the Purchase Price (the “Taxable Purchase Price”) using a yield determined by adding a fixed spread (each, a “Purchase Spread”) to the Treasury Security Yield (as defined herein) on the relevant reference United States Treasury Security (each, a “Reference Treasury Security”).
- In addition to the applicable Purchase Price, the LES will pay Bondholders accrued and unpaid interest (“Accrued Interest”) on Target Bonds accepted for purchase, from each such Target Bond’s last interest payment date up to, but not including, the Settlement Date (as defined herein).

The LES intends the Invitation to be an any and all offer with respect to each CUSIP accepted, such that if the LES elects to accept an Offer for a particular CUSIP, it will purchase all Bonds of such CUSIP validly tendered. If the LES accepts for purchase any validly tendered Target Bonds, and all conditions to this Invitation have been satisfied or waived by the LES, the LES will pay on June 23, 2026 (the “Settlement Date”) the Purchase Price of and Accrued Interest on each such Target Bond; provided, that the LES may extend such Settlement Date. The LES expects to pay the aggregate total of all Purchase Prices of Target Bonds accepted for purchase hereunder (the “Aggregate Purchase Price”) using net proceeds of a portion of the City’s The City of Lincoln, Nebraska Lincoln Electric System Revenue and Refunding Bonds, Series 2026 (the “2026 Bonds”), which the LES intends to issue on the Settlement Date. The LES will issue the 2026 Bonds in the manner, on the terms and with the security described in the Preliminary Official Statement, dated May 15, 2026, attached as APPENDIX A (the “2026 LES POS”). As described in the 2026 LES POS, the 2026 Bonds will also be issued for other valid corporate purposes, including (i) paying or reimbursing capital expenditures, and establishing a construction fund, (ii) paying or redeeming outstanding commercial paper notes, (iii) refunding certain existing outstanding bonds, (iv) funding any required reserves, and (v) paying certain costs and expenses relating to the issuance of the 2026 Bonds. The LES expects to pay Accrued Interest on all Target Bonds accepted for purchase with legally available LES funds. The LES’s purchase of any Target Bonds tendered pursuant to this Invitation is contingent upon, among other things, the issuance of the 2026 Bonds, and is subject to the Financing Conditions (as defined herein). Pursuant to Ordinance No. 21678 passed by the City Council on November 18, 2024, the maximum authorized principal amount of the 2026 Bonds is \$300,000,000. See “INTRODUCTION—General.”

To make an informed decision regarding whether and how to tender Target Bonds for purchase pursuant to this Invitation, Bondholders should carefully read this Invitation in its entirety, including APPENDIX A, and consult with their brokers, account executives, financial advisors, attorneys and/or other professionals (each, a “Financial Representative”). For further information regarding risks concerning this Invitation, please see “ADDITIONAL CONSIDERATIONS.”

Any Bondholder wishing to tender Target Bonds must follow the procedures for Offers more specifically described in this Invitation. Bondholders and their Financial Representatives with questions about this Invitation should contact the Dealer Manager or the Information and Tender Agent.

Key Dates and Times	
<i>All of these dates and times are subject to change. All times are Eastern Time. Notices of changes will be sent in the manner provided for in this Invitation.</i>	
Launch Date	May 15, 2026
Expiration Date	5:00 P.M. on May 29, 2026
Notice of Results	June 1, 2026
Determination of Purchase Prices for Taxable Target Bonds	10:00 A.M. on June 2, 2026
Notice of Purchase Prices for Taxable Target Bonds	June 2, 2026
Acceptance Date	June 3, 2026
Settlement Date	June 23, 2026

The Dealer Manager is:
BofA Securities, Inc.

The Information and Tender Agent is:
Globic Advisors Inc.

**THE CITY OF LINCOLN, NEBRASKA
LINCOLN ELECTRIC SYSTEM**

TARGET BONDS SUBJECT TO THIS INVITATION

TABLE 1: TAX-EXEMPT TARGET BONDS⁽¹⁾

Series	CUSIP⁽²⁾	Maturity	Interest Rate	Outstanding Principal Amount	Par Call Date	Purchase Price (% of Principal Amount)
2016	534272F95	9/1/2030	5.000%	\$5,940,000	3/1/2027	101.859
2016	534272G86	9/1/2031	5.000	2,910,000	3/1/2027	101.859
2016	534272G45	9/1/2032	5.000	4,745,000	3/1/2027	101.832
2016	534272G52	9/1/2033	4.000	10,320,000	3/1/2027	100.991
2016	534272G60	9/1/2034	5.000	6,875,000	3/1/2027	101.787
2018	534272J83	9/1/2030	5.000	12,695,000	3/1/2027	101.859
2018	534272K24	9/1/2031	5.000	8,325,000	3/1/2027	101.859
2018	534272K32	9/1/2032	5.000	13,925,000	3/1/2027	101.832
2018	534272K40	9/1/2033	5.000	14,540,000	3/1/2027	101.796
2018	534272K65	9/1/2034	5.000	10,365,000	3/1/2027	101.787

⁽¹⁾ Preliminary; subject to change.

⁽²⁾ CUSIP Global Services (“CGS”) has provided the CUSIP data herein. FactSet Research Systems Inc. manages CGS on behalf of the American Bankers Association. This Invitation’s inclusion of CUSIP data is for convenience and reference only, and does not create a database or serve as a substitute for the CUSIP service. None of the LES, the City, the Dealer Manager, the Information and Tender Agent, or their respective agents or counsel assumes responsibility for the data’s accuracy.

**THE CITY OF LINCOLN, NEBRASKA
LINCOLN ELECTRIC SYSTEM
TARGET BONDS SUBJECT TO THIS INVITATION**

TABLE 2: TAXABLE TARGET BONDS⁽¹⁾

Series	CUSIP⁽²⁾	Maturity	Interest Rate	Outstanding Principal Amount	Reference Treasury Security	Purchase Spread (basis points)
2020B	534272M63	9/1/2029	1.469%	\$20,050,000	UST 3.875% due 05/15/2029 CUSIP:91282CQR5	-27.5 bps
2020B	534272M71	9/1/2030	1.499	15,450,000	UST 3.875% due 04/30/2031 CUSIP:91282CQK0	-30.0 bps
2020B	534272M89	9/1/2031	1.649	16,895,000	UST 3.875% due 04/30/2031 CUSIP:91282CQK0	-22.5 bps
2020B	534272M97	9/1/2032	1.749	21,070,000	UST 4.125% due 04/30/2033 CUSIP:91282CQN4	-32.5 bps
2020B	534272N21	9/1/2033	1.799	17,160,000	UST 4.125% due 04/30/2033 CUSIP:91282CQN4	-25.0 bps
2020B	534272N39	9/1/2034	1.849	21,295,000	UST 4.375% due 05/15/2036 CUSIP:91282CQQ7	-32.5 bps
2020B	534272N47	9/1/2035	1.979	8,700,000	UST 4.375% due 05/15/2036 CUSIP:91282CQQ7	-22.5 bps
2020B	534272N54	9/1/2036	2.049	960,000	UST 4.375% due 05/15/2036 CUSIP:91282CQQ7	-15.0 bps
2020B	534272N62	9/1/2037	2.099	945,000	UST 4.375% due 05/15/2036 CUSIP:91282CQQ7	-7.5 bps

⁽¹⁾ Preliminary; subject to change.

⁽²⁾ CUSIP Global Services (“CGS”) has provided the CUSIP data herein. FactSet Research Systems Inc. manages CGS on behalf of the American Bankers Association. This Invitation’s inclusion of CUSIP data is for convenience and reference only, and does not create a database or serve as a substitute for the CUSIP service. None of the LES, the City, the Dealer Manager, the Information and Tender Agent, or their respective agents or counsel assumes responsibility for the data’s accuracy.

IMPORTANT INFORMATION

This Invitation and other information with respect to this Invitation are and will be available from BofA Securities, Inc., as dealer manager (the “Dealer Manager”) and Globic Advisors Inc. (the “Information and Tender Agent”) at <http://emma.msrb.org> and <https://www.globic.com/les>. Bondholders wishing to tender their Target Bonds for purchase pursuant to this Invitation must follow the procedures described in this Invitation. The LES reserves the right to cancel or modify this Invitation at any time on or prior to the Expiration Date, as further described herein, and reserves the right to make a future tender offer at prices different than the prices described in this Invitation in its sole discretion. The LES has no obligation to accept tendered Target Bonds for purchase, or to purchase Target Bonds tendered and accepted for purchase if (i) this Invitation is withdrawn or modified, (ii) the LES is unable to issue the 2026 Bonds or (iii) any other conditions set forth in this Invitation are not satisfied. The LES reserves the right to accept nonconforming Offers or waive irregularities in any Offer of Target Bonds. The sale of the 2026 Bonds is subject to market conditions and other conditions to be satisfied on or prior to the Settlement Date. This Invitation is also subject to certain other conditions as described herein.

TARGET BONDS NOT TENDERED FOR PURCHASE IN RESPONSE TO THIS INVITATION, AND TARGET BONDS THE LES DOES NOT PURCHASE IN RESPONSE TO THIS INVITATION (COLLECTIVELY, THE “UNPURCHASED BONDS”), WILL REMAIN OUTSTANDING. THE LES RESERVES THE RIGHT TO DEFEASE AND/OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNPURCHASED BONDS. TARGET BONDS TENDERED TO, BUT NOT PURCHASED BY, THE LES WILL BE RETURNED TO THE RESPECTIVE HOLDERS OF SUCH BONDS. THE LES MAY AT ANY TIME REFUND, REDEEM, DEFEASE, OFFER TO PURCHASE OR EXCHANGE SOME OR ALL OF THE UNPURCHASED BONDS ACCORDING TO THEIR TERMS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS INVITATION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS INVITATION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INVITATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE LES IS NOT EXTENDING THIS INVITATION TO, AND WILL NOT ACCEPT TARGET BONDS TENDERED FROM OR ON BEHALF OF, BONDHOLDERS IN ANY JURISDICTION IN WHICH THIS INVITATION OR SUCH OFFER OR SUCH ACCEPTANCE THEREOF WOULD NOT COMPLY WITH THE LAWS OF SUCH JURISDICTION. IN ANY JURISDICTION WHERE THE SECURITIES, “BLUE SKY” OR OTHER LAWS REQUIRE THAT A LICENSED OR REGISTERED BROKER OR DEALER MAKE THIS INVITATION, THIS INVITATION SHALL BE DEEMED TO BE MADE ON BEHALF OF THE LES THROUGH THE DEALER MANAGER.

This Invitation includes website addresses, which may appear in hyperlink form, for informational purposes only and solely for the reader’s convenience. Unless specified otherwise, such websites, links and the information contained therein are not incorporated into, and are not a part of, this Invitation.

The LES and the City have not authorized any dealer, salesperson or other person to provide any information or make any representations except as contained in this Invitation, including APPENDIX A. Investors must not rely upon any such unauthorized information or representations.

The delivery of this Invitation shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the LES or the City since the date hereof. The information contained in this Invitation is as of the date of this Invitation only and is subject to change, completion, or amendment without notice. None of the LES, the City, the Dealer Manager or the Information and Tender Agent are responsible (i) for transmitting any Offer or (ii) for the Depository Trust Company (“DTC”) process and Holders’ interactions with DTC and the DTC participants.

The Dealer Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, including APPENDIX A. The Dealer Manager has not independently verified any of the information contained herein and assumes no responsibility for the accuracy or completeness of any such information.

None of the LES, the City, the Dealer Manager or the Information and Tender Agent makes any recommendation that any Bondholder tender or refrain from tendering for purchase all or any portion of such Bondholder’s Target Bonds. Bondholders must make their own decisions, and should read this Invitation carefully and consult with their Financial Representatives in making these decisions.

This Invitation contains estimates, projections, forecasts, and other forward-looking statements not intended as statements of fact, and which investors should not interpret as such. Terms such as “forecast,” “plan,” “expect,” “estimate,” “budget” or similar words and expressions may identify such statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The LES does not intend to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

This Invitation, including APPENDIX A, contains important information that should be read in its entirety before any decision is made with respect to this Invitation.

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INVITATION TO TENDER BONDS FOR PURCHASE

made by
**THE CITY OF LINCOLN, NEBRASKA
LINCOLN ELECTRIC SYSTEM**

to the Beneficial Owners of
**THE CITY OF LINCOLN, NEBRASKA
LINCOLN ELECTRIC SYSTEM**

Revenue Refunding Bonds, Series 2016

Revenue Bonds, Series 2018

Revenue Refunding Bonds, Taxable Series 2020B

of the maturities and corresponding CUSIP numbers in Table 1 and Table 2 hereof for cash.

INTRODUCTION

General

The Lincoln Electric System (the “LES”) of the City of Lincoln, Nebraska (the “City”), with the assistance of BofA Securities, Inc., as dealer manager (the “Dealer Manager”), makes this Invitation to Tender Bonds for Purchase, dated May 15, 2026 (as it may be amended or supplemented, including the cover page, inside cover page and appendices, this “Invitation”), to the beneficial owners (the “Holders” or “Bondholders”) of certain outstanding maturities of the City’s (i) The City of Lincoln, Nebraska Lincoln Electric System Revenue Refunding Bonds, Series 2016 (the “2016 Target Bonds”); (ii) The City of Lincoln, Nebraska Lincoln Electric System Revenue Bonds, Series 2018 (the “2018 Target Bonds”); and (iii) The City of Lincoln, Nebraska Lincoln Electric System Revenue Refunding Bonds, Taxable Series 2020B (the “2020 Target Bonds”) (collectively, the “Target Bonds”) set forth on pages (i) and (ii) of this Invitation. Pursuant to this Invitation, the LES invites each Bondholder to tender to the LES (an “Offer”), for cash purchase, all or part of its beneficial ownership interests in the Target Bonds.

Should the LES accept an Offer to purchase a validly tendered Target Bond, the purchase price for such Target Bond (the “Purchase Price”) will be determined as follows:

- With respect to any of the 2016 Target Bonds or 2018 Target Bonds (collectively, the “Tax-Exempt Target Bonds”) listed in Table 1 of this Invitation, the Offer price will be the Purchase Price set forth therein (the “Tax-Exempt Purchase Price”).
- With respect to any of the 2020 Target Bonds (also referred to herein as the “Taxable Target Bonds”) listed in Table 2 of this Invitation, the LES will calculate the Purchase Price (the “Taxable Purchase Price”) using a yield determined by adding a fixed spread (each a “Purchase Spread”) to the Treasury Security Yield (as defined herein) on the relevant reference United States Treasury Security (each, a “Reference Treasury Security”).
- In addition, the LES will pay Bondholders accrued and unpaid interest (“Accrued Interest”) on Target Bonds accepted for purchase, from the applicable last interest payment date up to, but not including, the Settlement Date (as defined herein).

The LES intends the Invitation to be an any and all offer with respect to each CUSIP accepted, such that if the LES elects to accept an Offer for a particular CUSIP, it will purchase all Bonds of such CUSIP validly tendered. If the LES accepts for purchase any Target Bonds, and all conditions to this Invitation have been satisfied or waived by the LES, the LES will pay on June 23, 2026 (the “Settlement Date”) the Purchase Price of and Accrued Interest on each such Target Bond; provided, that the LES may extend the Settlement Date.

Bondholders must submit Offers by 5:00 P.M., Eastern Time, on May 29, 2026 (or such later date as the LES may determine, the “Expiration Date”). The LES may extend, amend, waive the terms of or otherwise modify this Invitation at any time on or prior to the Expiration Date. The LES may also, at any time prior to the purchase of

tendered Target Bonds on the Settlement Date, cancel this Invitation if the conditions set forth herein are not satisfied or waived, in which case the LES will have no obligation to purchase any tendered Target Bonds. See “TERMS OF THIS INVITATION—Extension, Termination and Amendment of each Offer; Changes to Terms” for a description of the LES’s right to extend, cancel, amend, waive the terms of or otherwise modify this Invitation, and related notice requirements.

The LES expects to pay the aggregate total of all Purchase Prices of Target Bonds accepted for purchase hereunder (the “Aggregate Purchase Price”) with net proceeds of a portion of the City’s The City of Lincoln, Nebraska Lincoln Electric System Revenue and Refunding Bonds, Series 2026 (the “2026 Bonds”), which the LES intends to issue on the Settlement Date. The LES expects to pay Accrued Interest on all Target Bonds validly tendered and accepted for purchase with legally available LES funds.

The purchase of any Target Bonds tendered pursuant to this Invitation is contingent upon the issuance of the 2026 Bonds, and subject to the Financing Conditions (as defined below). Pursuant to Ordinance No. 21678 passed by the City Council on November 18, 2024, the maximum authorized principal amount of the 2026 Bonds is \$300,000,000. See “INTRODUCTION – General” and “TERMS OF THIS INVITATION – Conditions to Purchase” herein.

If tendered Target Bonds are not accepted for purchase by the LES, or all conditions to this Invitation are not satisfied or waived by the LES, on or before the Settlement Date, any such Target Bonds offered pursuant to this Invitation shall be returned to the Bondholder and remain outstanding.

Financing Conditions

Notwithstanding any other provision of this Invitation, the LES has no obligation to accept for purchase any tendered Target Bonds, and its obligation to pay the Purchase Price of Target Bonds accepted for purchase is subject to the satisfaction or waiver of the following conditions, on or prior to the Settlement Date (collectively, the “Financing Conditions”):

(a) the LES must successfully complete a debt financing transaction (the “Proposed Financing”), including the issuance of the 2026 Bonds, the proceeds of which are sufficient to (x) fund the Aggregate Purchase Price of all Target Bonds accepted for purchase and (y) pay all fees and expenses associated with the Proposed Financing and this Invitation; and

(b) the purchase by the LES of Target Bonds tendered pursuant to this Invitation, in conjunction with the Proposed Financing, must provide economic benefit to the LES, enable the LES to meet or exceed its debt service savings objectives, satisfy applicable tax and other legal requirements, and use a structure reasonably acceptable to the LES.

The LES reserves the right to terminate the Invitation at any time prior to the purchase of tendered Target Bonds on the Settlement Date if the conditions set forth herein are not satisfied or waived by giving notice to the Information Services of such cancellation, in which case the LES will have no obligation to purchase Target Bonds. Except as a result of failure of Financing Conditions, the Invitation may not be terminated after the Expiration Date. **The LES reserves the right to determine whether each Financing Condition has been satisfied, or whether to waive any Financing Condition. The LES may terminate the Invitation at any time prior to the Expiration Date.**

Purpose

The LES is issuing this Invitation pursuant to a plan of finance in which the LES will use proceeds from the sale of the 2026 Bonds to purchase Target Bonds tendered pursuant to this Invitation. The LES’s purchase of such Target Bonds is contingent upon the receipt of sufficient proceeds from the issuance of the 2026 Bonds, together with other available LES funds, to accomplish such purpose. The LES cannot offer assurances as to if or when the 2026 Bonds will be issued, or whether the proceeds thereof, together with other available funds of the LES, will be sufficient to enable the LES to purchase any or all of the Target Bonds tendered for purchase.

The LES’s purpose in issuing the 2026 Bonds is to produce present value debt service savings that meet or exceed the LES’s debt service savings threshold requirements. Accordingly, the LES will determine which tendered Target

Bonds to purchase, if any, based upon market conditions associated with the sale of the 2026 Bonds and other factors outside of the LES's control. See "INTRODUCTION—Financing Conditions" above.

Consideration for Invitation

Tax-Exempt Bonds. The Tax-Exempt Purchase Price for each CUSIP for the Tax-Exempt Target Bonds listed in Table 1 of this Invitation represents the price, expressed as a percent of principal amount, at which the LES will purchase such Tax-Exempt Target Bonds. In addition to the Tax-Exempt Purchase Prices of the Tax-Exempt Target Bonds accepted for purchase by the LES, Accrued Interest on such Tax-Exempt Target Bonds will be paid by the LES to the tendering Bondholders on the Settlement Date.

Taxable Bonds. The Purchase Spread for each CUSIP for the Taxable Target Bonds in Table 2 of this Invitation represents the yield, expressed as an interest rate percentage, above the yield on the indicated Reference Treasury Security at which the LES will purchase such Taxable Target Bonds.

The applicable Purchase Spread for a CUSIP will represent the spread which will be added to the yield on the Reference U.S. Treasury Security corresponding thereto to arrive at a yield (the "Purchase Yield") used to calculate the Taxable Purchase Price for each maturity and corresponding CUSIP of the Taxable Target Bonds.

The yields on the Reference Treasury Securities (each, a "Treasury Security Yield") will be determined at 10:00 A.M. Eastern Time on June 2, 2026, based on the bid-side price of the U.S. Reference Treasury as quoted on the Bloomberg Bond Trader FIT1 series of pages. The Purchase Spread will be added to the Treasury Security Yield to arrive at a Purchase Yield. The Reference Treasury Security for each CUSIP is identified on the inside cover page of this Invitation.

The Purchase Yield will be used to calculate the Taxable Purchase Prices for Taxable Target Bonds. The Taxable Purchase Prices for Taxable Target Bonds will be equal to: the sum of (i) the present value of all remaining scheduled principal and interest on the applicable Taxable Target Bonds, discounted at the Purchase Yield to the Settlement Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), minus (ii) Accrued Interest up to but not including the Settlement Date. The LES will publish a Notice of Purchase Prices for Taxable Target Bonds on June 2, 2026. In addition to the Taxable Purchase Prices of the Taxable Target Bonds accepted for purchase by the LES, Accrued Interest on such Taxable Target Bonds will be paid by the LES to the tendering Bondholders on the Settlement Date.

The table that follows provides an example of the Taxable Purchase Prices realized by Bondholders who submit an Offer based on the following closing yields as of May 13th, 2026 for the Reference Treasury Securities provided below and the Purchase Spreads. ***THIS EXAMPLE IS PROVIDED FOR CONVENIENCE ONLY AND IS NOT TO BE RELIED UPON BY A BONDHOLDER AS AN INDICATION OF THE PURCHASE YIELD OR TAXABLE PURCHASE PRICES THAT MAY BE ACCEPTED BY THE LES.***

Based on these Treasury Security Yields, the following Taxable Purchase Prices would result:

**TABLE 3:
Taxable Purchase Prices***

Series	CUSIP	Maturity	Reference Treasury Security	Illustrative Reference Yield	Purchase Spread (Basis Points)	Illustrative Purchase Yield	Illustrative Purchase Price (% of Principal Amount)
2020B	534272M63	9/1/2029	UST 3.875% due 05/15/2029 CUSIP:91282CQR5	4.023%	-27.5 bps	3.748%	93.208
2020B	534272M71	9/1/2030	UST 3.875% due 04/30/2031 CUSIP:91282CQK0	4.119%	-30.0 bps	3.819%	91.095
2020B	534272M89	9/1/2031	UST 3.875% due 04/30/2031 CUSIP:91282CQK0	4.119%	-22.5 bps	3.894%	89.542
2020B	534272M97	9/1/2032	UST 4.125% due 04/30/2033 CUSIP:91282CQN4	4.288%	-32.5 bps	3.963%	87.951
2020B	534272N21	9/1/2033	UST 4.125% due 04/30/2033 CUSIP:91282CQN4	4.288%	-25.0 bps	4.038%	86.147
2020B	534272N39	9/1/2034	UST 4.375% due 05/15/2036 CUSIP:91282CQQ7	4.470%	-32.5 bps	4.145%	84.191
2020B	534272N47	9/1/2035	UST 4.375% due 05/15/2036 CUSIP:91282CQQ7	4.470%	-22.5 bps	4.245%	82.904
2020B	534272N54	9/1/2036	UST 4.375% due 05/15/2036 CUSIP:91282CQQ7	4.470%	-15.0 bps	4.320%	81.438
2020B	534272N62	9/1/2037	UST 4.375% due 05/15/2036 CUSIP:91282CQQ7	4.470%	-7.5 bps	4.395%	79.875

* For illustrative purposes only, the above table provides an example of the Taxable Purchase Prices realized by Bondholders that submit an Offer based on the following closing yields as of May 13, 2026 for the Reference Treasury Securities provided above and the Purchase Spreads. On June 2, 2026, the LES will determine the Taxable Purchase Prices for the Taxable Target Bonds pursuant to the calculations described in this Invitation and will publish the respective Taxable Purchase Prices.

The Notice of Purchase Prices for Taxable Target Bonds will be made available: (i) by the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (“EMMA”), using the CUSIP numbers for the Taxable Target Bonds listed in Table 2 on the inside cover pages hereof; (ii) to DTC (defined herein) and to the DTC participants holding the Taxable Target Bonds; and (iii) by posting electronically on the website of the Information and Tender Agent at <https://www.globic.com/les>.

Binding Contract to Sell

If the LES accepts an Offer by the time specified herein, the offering Bondholder will be obligated to sell, and the LES will be obligated to purchase, such Target Bonds on the Settlement Date at the Purchase Price for such Target Bonds, plus Accrued Interest, subject to the conditions described herein.

Sources of Funds to Purchase Target Bonds and Pay Accrued Interest

The LES expects to pay the Aggregate Purchase Price with net proceeds of the 2026 Bonds, and expects to pay Accrued Interest on all Target Bonds accepted for purchase with legally available LES funds. **The LES’s purchase of Target Bonds tendered pursuant to this Invitation is contingent upon the issuance of the 2026 Bonds, which issuance is subject to market conditions, and other conditions to be satisfied on or prior to the Settlement Date.** The 2026 Bonds are described in the 2026 LES POS. The LES is not offering any 2026 Bonds for sale pursuant to this Invitation.

Priority of Orders for 2026 Bonds; Allocation Preference for Tendered Bonds

The LES has advised BofA Securities Inc., as the underwriter (the “Underwriter”) for the 2026 Bonds, that any Holder of Target Bonds who tenders Target Bonds pursuant to this Invitation and who submits an order to purchase any 2026 Bonds may, subject to certain limitations, have a preference of allocation of the 2026 Bonds up to the principal amount of the Target Bonds that such Bondholder is tendering. The Underwriter for the 2026 Bonds shall allocate such bonds in accordance with the disclosed priority provisions and its customary allocation practices, consistent with MSRB Rule G-11. The Underwriter has the discretion to accept orders outside of the LES’s advised priorities if it determines that it is in the best interests of the Underwriter of the 2026 Bonds, as provided in the rules of the Municipal Securities Rulemaking Board. The LES also has the discretion to alter its advised priorities.

The decision whether to tender Target Bonds should be made independently of any consideration of potential allocations of the 2026 Bonds.

Brokerage Commissions and Other Fees

Bondholders will not be obligated to pay any brokerage commissions or other fees to the LES, the Dealer Manager, or the Information and Tender Agent in connection with this Invitation. Bondholders should consult the Financial Representative who maintains the account in which their Target Bonds are held to determine whether such Financial Representative will charge any commissions or fees.

Unpurchased Bonds

Unpurchased Bonds will continue to be outstanding, and payable and secured pursuant to their terms. Unpurchased Bonds tendered but not purchased by the LES will be returned to their respective Bondholders. Bondholders of Unpurchased Bonds will continue to bear the risk of ownership of such bonds.

For information concerning the operations of the LES relevant to the Target Bonds, see the 2026 LES POS attached as APPENDIX A. Bondholders must read the entirety of this Invitation, including APPENDIX A, in order to make an informed decision.

The LES may redeem, refund (on an advance or current basis), or defease, all or any portion of the Unpurchased Bonds, or may invite Holders to tender such Target Bonds for purchase by the LES. See “ADDITIONAL CONSIDERATIONS.”

Dealer Manager, Information and Tender Agent

BofA Securities, Inc. is Dealer Manager and Globic Advisors Inc. is Information and Tender Agent for this Invitation. Investors with questions about this Invitation should contact the Dealer Manager or Information and Tender Agent using the contact information under the heading “MISCELLANEOUS.”

TERMS OF THIS INVITATION

Expiration Date

The LES’s invitation to submit Offers will expire at 5:00 P.M., Eastern Time, on the Expiration Date. Bondholders tendering Target Bonds must follow the procedures described herein. The LES may accept for purchase Target Bonds offered after 5:00 P.M., Eastern Time, on the Expiration Date and prior to the acceptance of Offers by the LES as described below under the heading “Irrevocability of Offers; Return of Target Bonds Not Purchased” upon satisfaction or waiver of the Financing Conditions.

The LES may extend the Expiration Date, the Acceptance Date or the Settlement Date, or cancel, amend or otherwise modify or waive any conditions of this Invitation. See “Extension, Cancellation and Amendment of Each Offer; Changes to Terms.”

Offers Only Through the DTC ATOP Account

The Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company (“DTC”), Brooklyn, New York, as depository for the Target Bonds. The LES, through the Information and Tender Agent, will establish an Automated Tender Offer Program (“ATOP”) account (the “DTC ATOP Account”) at DTC for the Target Bonds promptly following the date of this Invitation.

THE LES WILL ONLY ACCEPT OFFERS MADE THROUGH THE DTC ATOP ACCOUNT. AS A RESULT, BONDHOLDERS WHO ARE NOT DTC PARTICIPANTS MAY ONLY MAKE OFFERS THROUGH THE FINANCIAL INSTITUTION THAT MAINTAINS THE DTC ACCOUNT IN WHICH THEIR TARGET BONDS ARE HELD. THE LES WILL NOT ACCEPT OFFERS BY MEANS OF LETTERS OF TRANSMITTAL.

Any financial institution that is a DTC participant may make a book-entry tender of a Target Bond by causing DTC to transfer such Target Bond into the DTC ATOP Account relating to this Invitation, and the applicable series, maturity and CUSIP number, in accordance with DTC’s procedures for such transfer. Bondholders who are not DTC participants may only tender Target Bonds pursuant to this Invitation by making arrangements with and instructing

their Financial Representative to tender the Bondholder's Target Bonds through the DTC ATOP Account. To ensure a Bondholder's Target Bonds are tendered to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date, the Bondholder must provide instructions to the Bondholder's Financial Representative in sufficient time for the Financial Representative to tender the Target Bonds to the DTC ATOP Account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative requires the Bondholder's instructions in order to tender the Bondholder's Target Bonds to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date. See "—Tender of Target Bonds by Financial Institutions; DTC ATOP Account."

The LES, the Dealer Manager, and the Information and Tender Agent are not responsible for the transfer of any tendered Target Bonds to the DTC ATOP Account or for any mistakes, errors or omissions in the transfer of any tendered Target Bonds.

Information to Bondholders

The LES may provide information regarding this Invitation to the market and Bondholders by delivery of such information to the DTC and to MSRB through EMMA (collectively, with the Information and Tender Agent, the "Information Services"). Additionally, the LES may provide information regarding this Invitation to the Information and Tender Agent. The Information and Tender Agent will publish such information through its website, <https://www.globic.com/les>. Delivery of information to the Information Services, by or on behalf of the LES, will be deemed to constitute delivery of such information to each Bondholder.

The LES, the Dealer Manager, and the Information and Tender Agent have no obligation to ensure that a Bondholder actually receives any information provided to the Information Services.

Bondholders who would like to receive information transmitted by or on behalf of the LES to the Information Services may receive such information from the Dealer Manager or the Information and Tender Agent by contacting them using the contact information under the heading "MISCELLANEOUS."

Any updates to this Invitation, including any supplements to the 2026 LES POS, will be distributed through the Information Services. Assuming the LES issues the 2026 Bonds, the final Official Statement with respect to such bonds will be posted to EMMA subsequent to the Acceptance Date and prior to the Settlement Date.

Minimum Denominations

A Bondholder may submit one or more Offers to tender their Target Bonds of a particular CUSIP number in a principal amount of their choosing; provided, such principal amount must equal the minimum denomination of \$5,000 (the "Minimum Authorized Denomination") or any integral multiple of \$5,000 in excess thereof; and such principal amount may not exceed the principal amount of such Target Bonds owned by such Bondholder.

Accrued Interest

The Purchase Price of a Target Bond does not include any amount representing Accrued Interest thereon. The LES will pay on the Settlement Date any Accrued Interest on purchased Target Bonds using legally available funds of the LES.

Provisions Applicable to All Tenders

Need for Advice. Bondholders should seek assistance from their Financial Representatives in determining: (a) whether to tender Target Bonds for purchase, and (b) the principal amount of Target Bonds to tender for purchase. None of the LES, the City, the Dealer Manager, or the Information and Tender Agent will charge any Bondholder for submitting Offers or tendering Target Bonds.

Need for Specificity of Tender. No Offer of Target Bonds of a CUSIP may exceed the principal amount of Target Bonds of such CUSIP owned by the Bondholder. Each Offer must include (a) the CUSIP number(s) of the Target Bonds being offered, and (b) the principal amount of the Target Bonds being tendered for purchase. The principal amount of the Target Bonds being tendered for purchase must be stated in Authorized Denominations; if not so stated, for Offers to sell less than all of the Bondholder's position in the Target Bonds, such principal amount will be reduced

to the greatest integral multiple of \$5,000. Any Bondholder located outside of the United States should consult with their Financial Representative to determine if any additional minimal increments, alternative settlement timing restrictions or other limitations apply.

ALL OFFERS FOR PURCHASE MUST BE MADE THROUGH THE DTC ATOP ACCOUNT. THE LES WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH THE DTC ATOP ACCOUNT. THE LES WILL NOT ACCEPT OFFERS BY MEANS OF LETTERS OF TRANSMITTAL. See “—Tender of Target Bonds by Financial Institutions; DTC ATOP Account.”

General. A Bondholder may only make an Offer for Target Bonds that it owns or controls. All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders wishing to receive information furnished by the LES to the Information Services can review the EMMA website or the website of the Information and Tender Agent at <https://www.globic.com/les>, or make arrangements with their Financial Representatives or the Information and Tender Agent to obtain the information.

Representations by Tendering Bondholders to the LES

By tendering Target Bonds for purchase, each tendering Bondholder will be deemed to have represented to and agreed with the LES that:

(a) the Bondholder has received this Invitation and the 2026 LES POS and has had the opportunity to review such materials prior to making its decision to submit an Offer to tender Target Bonds;

(b) if the Bondholder submits an Offer to tender Target Bonds and the LES accepts such an Offer, the Bondholder will be obligated to sell such tendered Target Bonds on the terms and conditions set forth in this Invitation, and if the LES purchases any tendered Target Bonds, it shall be on the terms and conditions set forth in this Invitation;

(c) the Bondholder has full power and authority to offer to tender, sell, assign and transfer any Target Bonds tendered thereby; and if the LES accepts the Bondholder’s Offer to tender such bonds, on the Settlement Date, the LES will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the applicable Purchase Price(s), plus Accrued Interest;

(d) the Bondholder has made their own independent decision to Offer and tender Target Bonds for purchase pursuant to this Invitation, under the terms hereof, and such decision is based upon the Bondholder’s own judgment and upon advice from such advisors with whom the Bondholder has consulted;

(e) the Bondholder is not relying on any communication from the LES, the City, the Dealer Manager or the Information and Tender Agent as investment advice or as a recommendation to Offer and tender the Bondholder’s Target Bonds, it being understood that the information from the LES, the City, the Dealer Manager and the Information and Tender Agent related to the terms and conditions of this Invitation shall not be considered investment advice or a recommendation to Offer and tender Target Bonds; and

(f) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of this Invitation and the Bondholder’s Offer.

Tender of Target Bonds by Financial Institutions; DTC ATOP Account

The LES, through the Information and Tender Agent, will establish the DTC ATOP Account for purposes of this Invitation within three Business Days (as defined below) after the date of this Invitation. A tender of Target Bonds in accordance with this Invitation may be made to the LES through the DTC ATOP Account. Any financial institution that is a participant in DTC may make a book-entry tender of the Target Bonds by causing DTC to transfer the applicable Target Bonds into the DTC ATOP Account in accordance with DTC’s procedures. Concurrently with the delivery of Target Bonds through book-entry transfer into the DTC ATOP Account, an Agent’s Message (defined below) in connection with such book-entry transfer must be transmitted to and received at the DTC ATOP Account

by not later than 5:00 P.M., Eastern Time, on the Expiration Date (as this date may have been changed pursuant to this Invitation).

The confirmation of a book-entry transfer into the DTC ATOP Account as described above is referred to as a “Book-Entry Confirmation.” The term “Agent’s Message” means a message transmitted by DTC to, and received by, the DTC participant and forming a part of the Book-Entry Confirmation that states that DTC has received an express acknowledgment from the DTC participant tendering the Target Bonds that are the subject of such Book-Entry Confirmation, stating (1) the CUSIP number, series, and principal amount of the Target Bonds that have been tendered by such participant pursuant to this Invitation, and (2) that such participant on behalf of the related Bondholder agrees to be bound by the terms of this Invitation.

Upon submission of an Offer through DTC’s ATOP system, the tendered Target Bonds will be blocked in DTC and may not be transferred unless such Offer is validly withdrawn prior to the Expiration Date, properly withdrawn as described below under “Amendment or Withdrawals of Tenders Prior to the Expiration Date” or such Target Bonds are released in accordance with this Invitation. The Issuer bears no responsibility for the failure of any DTC participant or other intermediary to properly or timely submit an Offer, Agent’s Message, or notice of withdrawal through ATOP, and any Offer or withdrawal that is not received by the Information Agent and Tender Agent through ATOP by the applicable deadline will be ineffective. Partial withdrawals of Offers must correspond to the applicable DTC ATOP instruction(s) relating to such Target Bonds and may not be effected with respect to a greater principal amount than that tendered pursuant to such instruction(s).

By causing DTC to transfer Target Bonds into the DTC ATOP Account, a financial institution warrants to the LES that it has full authority, and has received from the Bondholder(s) of such Target Bonds all direction necessary, to tender and sell such Target Bonds as set forth in this Invitation. Bondholders who are not DTC participants can only tender Target Bonds pursuant to this Invitation by making arrangements with and instructing their Financial Representative to tender the Bondholder’s Target Bonds through the DTC ATOP Account. To ensure a Bondholder’s Target Bonds are tendered to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date, a Bondholder must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondholder’s Target Bonds to the DTC ATOP Account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder’s instructions in order to tender the Bondholder’s Target Bonds to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date.

“Business Day” means a DTC business day, which is any day other than (i) a Saturday or a Sunday, or (ii) a day on which the offices of DTC are closed or banking institutions in New York, New York, are required or authorized by law to be closed.

NONE OF THE LES, THE CITY, THE DEALER MANAGER, OR THE INFORMATION AND TENDER AGENT ARE RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED TARGET BONDS TO THE DTC ATOP ACCOUNT OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED TARGET BONDS.

Determinations as to Form and Validity of Offer; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the DTC ATOP Account), form, eligibility and acceptance of Offers will be determined by the LES in its sole discretion and such determinations will be final, conclusive and binding.

The LES reserves the right to waive any irregularities or defects in any Offer. The LES, the Dealer Manager, and the Information and Tender Agent are not obligated to give notice of any defects or irregularities in Offers and they will have no liability for failing to give such notice.

The LES reserves the absolute right to reject any and all Offers, whether or not they comply with the terms of this Invitation.

Amendment or Withdrawals of Tenders Prior to the Expiration Date

A Bondholder may amend its Offer by causing a withdrawal message for the Offer to be received at the DTC ATOP Account with a new Offer for the same Target Bonds to be submitted to the DTC ATOP Account by not later than 5:00 P.M., Eastern Time, on the Expiration Date.

A Bondholder may withdraw its Target Bonds tendered for purchase pursuant to this Invitation by causing a withdrawal notice to be transmitted via the DTC ATOP Account to, and received by, the Information and Tender Agent by not later than 5:00 P.M., Eastern Time, on the Expiration Date.

Any amendment or withdrawal must be submitted in substantially the same manner as an Offer in response to this Invitation. *All amendments or withdrawal notices must be made through the DTC ATOP Account. The LES will not accept any amendments or withdrawals that are not made through the DTC ATOP Account.* Holders who are not DTC participants can only amend or withdraw their Offer by making arrangements with and instructing their DTC participant to submit the Bondholder's amended Offer or the Bondholder's notice of withdrawal through the DTC ATOP Account. Target Bonds properly withdrawn will be deemed not validly tendered. However, withdrawn Target Bonds may be retendered by again following the procedures described herein at any time on or prior to the Expiration Date.

Bondholders who have tendered their Target Bonds for purchase will not receive any information from the LES, the City, the Dealer Manager or the Information and Tender Agent concerning Offers by other Bondholders. Offering Bondholders will not be afforded an opportunity to amend their Offers after 5:00 P.M., Eastern Time, on the Expiration Date. An amended or withdrawn Offer must specify the applicable CUSIP number, and with respect to amended Offers, the principal amount previously offered and the new amount being offered. All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by the LES in its sole discretion and will be final, conclusive and binding.

Irrevocability of Offers; Return of Target Bonds Not Purchased

All Offers will become irrevocable at 5:00 P.M., Eastern Time, on the Expiration Date, subject to change as set forth in “– Extension, Cancellation and Amendment of Each Offer; Changes to Terms.”

The LES will instruct DTC to return to the offering institutions those Target Bonds offered but not accepted for purchase. None of the LES, the City, the Dealer Manager or the Information and Tender Agent is responsible or liable for the return of Target Bonds to offering institutions or Bondholders or for when such Target Bonds are returned.

Acceptance of Tenders for Purchase

As of the Acceptance Date, upon the terms and subject to the conditions of this Invitation, the LES may accept for purchase validly tendered Target Bonds (or defectively tendered Target Bonds, if such defect has been waived by the LES). **If the LES accepts an Offer with respect to any CUSIP, the LES will accept for purchase any and all Bonds of such CUSIP validly tendered, subject to the satisfaction or waiver of the conditions described herein.** Target Bonds accepted for purchase will be indicated by CUSIP. Any such acceptance is subject to the satisfaction, or waiver by the LES, of the conditions to the purchase of tendered Target Bonds. See “—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results.”

The LES shall have no obligation to accept for purchase Target Bonds of any other CUSIP number and may reject Offers with respect to any CUSIP number in whole, notwithstanding the acceptance of Offers for other CUSIP numbers.

The LES will have no obligation to purchase Target Bonds tendered and accepted for purchase if the LES fails to issue the 2026 Bonds, or if other Financing Conditions are not satisfied or waived. The LES has the right to purchase none, some or all of the Target Bonds offered, notwithstanding any information contained herein regarding the LES's current intentions to purchase Target Bonds. With respect to Unpurchased Bonds, the LES has the right to refund or redeem some or all of the Target Bonds, or make a subsequent invitation to Bondholders to tender their Target Bonds for purchase by the LES.

After the Expiration Date, the LES will determine the amount (if any) of the tendered Target Bonds that it will purchase upon satisfaction or waiver of the Financing Conditions. If the LES selects any Offer for Target Bonds of a particular CUSIP number, the LES will purchase all Target Bonds of that CUSIP number tendered under such Offer.

Notwithstanding any other provision of this Invitation, the LES's obligation to accept for purchase, and to pay for Target Bonds validly tendered (and not validly withdrawn) pursuant to this Invitation, are subject to the satisfaction of or waiver of the Financing Conditions and the other conditions set forth herein. The LES reserves the right, subject to applicable law, to amend any of the Financing Conditions to this Invitation, in whole or in part, at any time prior to the Expiration Date or from time to time to waive any Financing Conditions. This Invitation may be withdrawn by the LES at any time prior to 5:00 P.M., Eastern Time, on the Expiration Date.

Following notification of acceptance, all Target Bonds that were tendered but were not accepted for purchase will be released and returned to the tendering institution in accordance with DTC's ATOP procedures.

Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results

Acceptance by the LES of Target Bonds tendered for purchase will constitute an irrevocable agreement between the offering Bondholder and the LES to sell and purchase such Target Bonds, subject to satisfaction of all conditions to the LES's obligation to purchase tendered Target Bonds and the other terms of this Invitation. See "—Minimum Denominations" herein.

The acceptance of Target Bonds tendered for purchase is expected to be made by notification to the Information Services no later than 5:00 P.M., Eastern Time, on the Acceptance Date. This notification will state the principal amount of the Target Bonds of each CUSIP number that the LES has agreed to purchase, in accordance with this Invitation, which may be zero for a particular CUSIP number.

Settlement Date; Purchase of Target Bonds

Subject to satisfaction of all conditions to the LES's obligation to purchase Target Bonds offered and accepted for purchase pursuant to this Invitation, as described herein, including, without limitation, the Financing Conditions, on the Settlement Date, the LES will purchase and pay for all Target Bonds validly tendered for purchase to the LES pursuant to accepted Offers, at the applicable Purchase Price, plus Accrued Interest and the tendering Bondholders will sell such Target Bonds to the LES for such consideration.

If the conditions to the LES's obligation to purchase Target Bonds are satisfied or waived, the LES will pay the Aggregate Purchase Price, plus Accrued Interest in immediately available funds on the Settlement Date by deposit of such amount with DTC. The LES expects that, in accordance with DTC's standard procedures, DTC will transmit amounts sufficient to purchase the tendered Target Bonds at their respective Purchase Prices in immediately available funds to its participant financial institutions that hold such tendered Target Bonds for delivery to the Bondholders. **None of the LES, the City, the Dealer Manager, and the Information and Tender Agent are responsible or liable for the distribution of the Purchase Prices plus Accrued Interest by DTC to the Bondholders.**

Extension, Termination and Amendment of Each Offer; Changes to Terms

The LES may extend this Invitation by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled Expiration Date, or any prior extension thereof. Notice of an extension of the Expiration Date will be effective when such notice is given.

The LES may extend the Acceptance Date and/or the Settlement Date by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled Acceptance Date and/or Settlement Date, as applicable, or any prior extension thereof. Notice of an extension of the Acceptance Date and/or the Settlement Date will be effective when such notice is given.

The LES may amend, waive the terms of or otherwise modify this Invitation at any time on or prior to the Expiration Date, by giving notice to the Information Services of such amendment, waiver or other modification. The amendment, waiver or modification will be effective at the time specified in such notice.

The LES may, at any time prior to the purchase of tendered Target Bonds on the Settlement Date, cancel this Invitation with respect to the Target Bonds if the Financing Conditions set forth herein are not satisfied or waived by providing notice to the Information Services of such cancellation. The LES will have no obligation to purchase Target Bonds if cancellation of this Invitation occurs or if the LES fails to accept Offers.

If the LES amends, modifies or waives any of the terms or conditions of this Invitation in any respect, the LES may (but is not required to) disseminate additional Invitation materials and extend this Invitation to the extent required to allow, in the LES's judgment, reasonable time for dissemination to Holders and for Holders to respond.

If the LES amends the terms of this Invitation that relate to the consideration offered for the Target Bonds in any material respect, notice of such amendment will be given no later than five (5) Business Days before the Expiration Date, as extended to provide reasonable time for dissemination of such amendment or waiver to Holders and for Holders to respond.

If the LES amends the terms of this Invitation (other than any term that relates to the consideration offered for the Target Bonds), which amendment may include a waiver of any term, in any material respect, notice of such amendment or waiver will be given no later than three (3) Business Days before the Expiration Date, as extended to provide reasonable time for dissemination of such amendment or waiver to Holders and for Holders to respond.

No extension or amendment or other modification or waiver of the terms or conditions of this Invitation will change the LES's right to decline to purchase Target Bonds without liability on the conditions stated herein or give rise to any liability of the LES, or the Information and Tender Agent to any Bondholder or nominee.

Soliciting Dealer Fees; Eligible Institutions Are Not Agents

The LES, through BofA Securities, Inc., as dealer manager (the "Dealer Manager"), agrees to pay or cause to be paid to any commercial bank or trust company having an office, branch, or agency in the United States, and any firm that is a member of a registered national securities exchange or of the Financial Industry Regulatory Authority (each, an "Eligible Institution"), a retail solicitation fee (the "Retail Solicitation Fee") of \$1.25 per \$1,000 principal amount of Target Bonds purchased by the LES pursuant to the Invitation from such Eligible Institution's Retail Customers.

A "Retail Customer" means (i) an individual who owns not more than \$250,000 principal amount of Target Bonds and manages his or her own investments, or (ii) an individual who owns not more than \$250,000 principal amount of Target Bonds whose investments are managed by an investment manager or bank trust department, provided that such investments are held in a separate account in the name of that individual.

Payment of the Retail Solicitation Fee is conditioned upon the Eligible Institution properly completing and timely submitting the Retail Solicitation Fee Payment Request Form, substantially in the form attached hereto as EXHIBIT A, to the Information and Tender Agent no later than 5:00 p.m., New York City time, on the next Business Day following the Expiration Date, unless the Expiration Date is earlier terminated or extended as provided herein. No Retail Solicitation Fee will be paid with respect to any request received after such time.

No Retail Solicitation Fee will be paid with respect to (i) requests that are improperly submitted or incomplete, or (ii) Target Bonds that are tendered but not accepted for purchase by the LES pursuant to the Invitation.

The Retail Solicitation Fee shall be paid separately by or on behalf of the Dealer Manager and shall not reduce the Purchase Price or Accrued Interest payable to any Bondholder whose Target Bonds are accepted for purchase.

Eligible Institutions are not agents of the LES in connection with the Invitation, and none of the LES, the City of Lincoln, Nebraska, the Dealer Manager, or the Information and Tender Agent makes any recommendation to any Bondholder as to whether to tender, or refrain from tendering, any Target Bonds pursuant to this Invitation.

AVAILABLE INFORMATION

Certain information relating to the Target Bonds and the LES may be obtained by contacting the Dealer Manager or Information and Tender Agent at the contact information set forth under "MISCELLANEOUS." Such information is limited to (i) this Invitation, including the information set forth in the 2026 LES POS attached hereto as APPENDIX A, and (ii) information regarding the LES available through EMMA.

ADDITIONAL CONSIDERATIONS

None of the LES, the City, the Dealer Manager or the Information and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering for purchase all or any portion of the Target Bonds. Each Bondholder must make their own decision and should read this Invitation and the 2026 LES POS and consult with their Financial Representative in making such decision.

In deciding whether to submit an Offer in response to this Invitation, each Bondholder should consider carefully, in addition to the other information contained in this Invitation, the following:

Unpurchased Bonds. Holders of Unpurchased Bonds will continue to hold such Unpurchased Bonds and such Unpurchased Bonds will remain outstanding unless otherwise refunded, redeemed or defeased. See “INTRODUCTION—Unpurchased Bonds.”

Future Refunding or Tender. The LES may refund (on an advance or current basis), redeem or defease, all or any portion of the Unpurchased Bonds or may make a subsequent invitation to Holders to tender such Target Bonds for purchase by the LES. Accordingly, it is possible that such Target Bonds would be redeemed or purchased at a more or less advantageous price than will be available through this Invitation.

Market for Target Bonds. The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders may be able to sell Target Bonds at a price greater than the Purchase Price(s).

Ratings. Fitch Ratings and S&P Global Ratings have assigned their ratings of “AA” and “AA”, respectively, to the Target Bonds. Such ratings reflect only the views of such organizations. Any desired explanation of the significance of such ratings and any outlooks or other statements given by such rating agency with respect thereto should be obtained from such rating agency.

There is no assurance that the current ratings assigned to the Target Bonds will continue for any given period of time or that any of such ratings will not be revised upward or downward, suspended or withdrawn entirely by any rating agency. Any such upward or downward revision, suspension or withdrawal of such ratings may have an effect on the availability of a market for or the market price of the Target Bonds. Each Bondholder should review these ratings and consult with its Financial Representatives concerning them.

Market Conditions for the 2026 Bonds. The purpose of the sale of the 2026 Bonds associated with this Invitation is to meet or exceed the LES’s debt service savings threshold requirements. Thus, the final decision to purchase Target Bonds, and, if less than all of the Target Bonds that are tendered are purchased, which Target Bonds will be accepted for purchase by the LES, will be based upon market conditions associated with the sale of the 2026 Bonds and other factors outside of the control of the LES.

Financing Timetable. There is currently a period of approximately two (2) Business Days between the Expiration Date and the date on which LES will determine the Target Bonds that it will accept for purchase, as required by the timetable for the marketing and sale of the 2026 Bonds. Bondholders that tender their Target Bonds will not be able to sell or otherwise dispose of their Target Bonds so tendered during this time period, even if their Target Bonds are not initially or ultimately accepted for purchase by the LES.

Certain Potential Effects of This Invitation on Target Bonds Not Purchased. The purchase of Target Bonds by the LES may have certain potential adverse effects on Holders of Unpurchased Bonds, including that the principal amount of the Unpurchased Bonds available to trade publicly will be reduced, which could adversely affect the liquidity and market value of the Unpurchased Bonds.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of the U.S. federal income tax consequences for tendering Bondholders. The discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations promulgated thereunder, and relevant rulings and decisions now in effect, all of which are subject to change or

differing interpretations. No assurances can be given that future changes in U.S. federal income tax laws will not alter the conclusions reached herein. The discussion below does not purport to deal with U.S. federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in the Target Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under U.S. federal income tax laws. Tendering Bondholders should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS"), and no assurance can be given that the IRS will not take contrary positions, with respect to any of the U.S. federal income tax consequences discussed below. This U.S. federal income tax discussion is included for general information only and should not be construed as a tax opinion nor tax advice by the LES, or any of their advisors or agents, to the Bondholders, and Bondholders therefore should not rely upon such discussion.

The tender of a Target Bond will be a taxable event for U.S. federal income tax purposes. A Bondholder who tenders their Target Bonds for cash pursuant to this Invitation generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized, which is generally the Purchase Price (not including Accrued Interest) received by the Bondholder, and the Bondholder's adjusted tax basis in its tendered Target Bonds. The gain or loss may be capital gain or loss or may be ordinary income or loss, depending on the particular circumstances of the Bondholder. The deductibility of capital losses is subject to various limitations. A Bondholder's amount realized and adjusted tax basis are determined as set forth in the Code and Treasury Regulations promulgated thereunder.

Under Section 3406 of the Code, a tendering Bondholder who is a "United States person," as defined in Section 7701(a)(30) of the Code, may, under certain circumstances, be subject to U.S. federal backup withholding. Backup withholding applies if such tendering Bondholder: (i) fails to furnish such Bondholder's Social Security number or other taxpayer identification number ("TIN"); (ii) furnishes an incorrect TIN; (iii) fails to report property interest, dividends or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such Bondholder is not subject to backup withholding. Bondholders should consult with their own tax advisors regarding whether backup withholding applies to them and, if backup withholding applies, regarding qualification for an exemption from backup withholding and the procedures for obtaining such exemption. Backup withholding is not an additional tax. Any amounts deducted and withheld should generally be allowed as a credit against the Bondholder's U.S. federal income tax liability.

Bondholders should consult with their own tax advisors regarding the U.S. federal, state, local or non-U.S. tax consequences of tendering Target Bonds pursuant to this Invitation.

DEALER MANAGER

The LES has retained BofA Securities, Inc. ("BofA Securities") as Dealer Manager for this Invitation. The LES has agreed to pay the Dealer Manager fees for its services and to reimburse the Dealer Manager for its reasonable out-of-pocket costs and expenses relating to this Invitation. The LES has also agreed to indemnify the Dealer Manager, to the extent permitted by law, against certain liabilities under federal or state law or otherwise, caused by, relating to or arising out of the Invitation or the engagement of the Dealer Manager. References in this Invitation to the Dealer Manager are to BofA Securities only in its capacity as the Dealer Manager. The compensation of the Dealer Manager is based upon the amount of Target Bonds tendered to and accepted by the LES.

The Dealer Manager may contact Bondholders regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Invitation to beneficial owners of the Target Bonds.

The Dealer Manager, together with its affiliates, comprises a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the LES for which it received or will receive fees and expenses. In the ordinary course of its various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own account and for the accounts of their respective customers and may at any time hold long and

short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the LES, including the Target Bonds. In addition to its role as Dealer Manager for the Target Bonds, BofA Securities is serving as Underwriter for the 2026 Bonds as described in APPENDIX A, and as such, they will receive compensation in connection with that transaction as well as for acting as Dealer Manager in connection with this Invitation.

The Dealer Manager is not acting as financial or municipal advisor to the LES in connection with this Invitation.

INFORMATION AND TENDER AGENT

Globic Advisors Inc. has been retained to serve as Information and Tender Agent for this Invitation. The LES has agreed to pay the Information and Tender Agent fees for its services and to reimburse the Information and Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Invitation.

MISCELLANEOUS

No one has been authorized by the LES, the City, the Dealer Manager, or the Information and Tender Agent to recommend to any Bondholder whether to tender Target Bonds pursuant to this Invitation or the amount of Target Bonds to tender. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation. Any recommendations, information and representations given or made cannot be relied upon as having been authorized by the LES, the City, the Dealer Manager or the Information and Tender Agent.

None of the LES, the City, the Dealer Manager, or the Information and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering all or any portion of the principal amount of such Bondholder's Target Bonds. Bondholders must make their own decisions and should read this Invitation carefully and consult with their Financial Representative in making these decisions.

Investors with questions about this Invitation should contact the Dealer Manager or the Information and Tender Agent. The contact information for the Dealer Manager and the Information and Tender Agent is as follows:

The Dealer Manager for this Invitation is:

BofA Securities, Inc.
One Bryant Park, 12th Floor
New York, New York 10036
Tel: (646) 743-1362
Attn: Contact your BofA Securities representative or
the Municipal Liability Management Group
Email: dg.muni-lm@bofa.com

The Information and Tender Agent for this Invitation is:

Globic Advisors Inc.
Attn: Robert Stevens
7777 Glades Road, Suite 100
Boca Raton, FL 33434
Tel: (212) 227-9699
Email: rstevens@globic.com
Document Website: www.globic.com/les

EXHIBIT A

FORM OF SOLICITATION FEE PAYMENT REQUEST

**with respect to the
Invitation to Tender Bonds for Purchase dated May 15, 2026
made by
The City of Lincoln, Nebraska
Lincoln Electric System**

The Lincoln Electric System (the “LES”) of the City of Lincoln, Nebraska (the “City”), has agreed to pay or caused to be paid to any commercial bank or trust company having an office, branch or agency in the United States, and any firm which is a member of a registered national securities exchange or of the Financial Industry Regulatory (an “Eligible Institution”), a solicitation fee of \$1.25 per \$1,000 on the principal amount of Target Bonds purchased from each of its Retail Customers by the City pursuant to the Invitation to Tender Bonds for Purchase dated May 15, 2026 (the “Invitation”). A “Retail Customer” is an individual who owns less than \$250,000 principal amount of Target Bonds and manages his or her own investments or an individual who owns less than \$250,000 principal amount of Target Bonds whose investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

Eligible Institutions must submit to the Information Agent requests for payment of solicitation fees on a Solicitation Fee Payment Request Form no later than 5:00 p.m., New York City time, on the next business day following the Expiration Date (the Expiration Date is presently set for May 29, 2026), unless earlier terminated or extended. No solicitation fee will be paid on requests received after this time.

No solicitation fee will be paid on requests submitted on an improperly completed Solicitation Fee Payment Request Form. Electronic copies of the completed Solicitation Fee Payment Request Forms may be submitted via email to the Information Agent and Tender Agent at rstevens@globic.com. FAILURE TO COMPLETE ALL SECTIONS WILL RESULT IN NONPAYMENT. EACH SOLICITATION FEE PAYMENT REQUEST FORM MUST BE ELECTRONICALLY SIGNED BY A REGISTERED REPRESENTATIVE.

Each completed Solicitation Fee Payment Request Form constitutes a representation by the registered representative completing such form that such representative is a registered employee of their firm, which is a financial institution described in the first paragraph, that such representative personally solicited the offer from their firm’s retail customer and, with respect to any tender of Target Bonds, such representative has reviewed this transaction with their customer, and on behalf of their firm, such representative requests payment of the resulting solicitation fee.

Each completed Solicitation Fee Payment Request Form constitutes a representation that (i) in making solicitations, I and my firm did not use any materials other than the Invitation, (ii) my firm is entitled to this fee under the terms and conditions described above, and (iii) if my firm is a foreign broker or dealer not eligible for membership in the Financial Industry Regulatory Authority (“FINRA”), it has agreed to conform to the FINRA’s Rules of Fair Practice in making a solicitation outside the United States to the same extent as though it was a FINRA member.

All questions as to the validity, form and eligibility (including the time of receipt) of the Solicitation Fee Payment Request Form will be determined by the LES, in its sole discretion, which determination will be final, conclusive and binding. None of the LES, the City, the Dealer Manager, the Information Agent or any other person is under any duty to give notification of any defects or irregularities in any Solicitation Fee Payment Request Form or incur any liability for failure to give this notification.

SOLICITATION FEE PAYMENT REQUEST FORM

As described in the Invitation, the LES will pay **a soliciting dealer fee of \$1.25 per \$1,000** of up to the first \$250,000 par amount of Target Bonds that is validly tendered and accepted for purchase to soliciting dealers that are appropriately designated by their Retail Customer clients to receive this fee. *The soliciting dealer fee will only be paid to each designated soliciting dealer for each Holder that owns and submits Target Bonds with an aggregate principal amount of less than \$250,000.* In order to be eligible to receive the soliciting dealer fee, this form, properly completed, must be received by the Information Agent and Tender Agent no later than 5:00 p.m., New York City time, on the next business day following the Expiration Date of the Invitation. The LES reserves the right to audit any soliciting dealer to confirm bona fide submission of this form. The LES shall, in its sole discretion, determine whether a soliciting dealer has satisfied the criteria for receiving a soliciting dealer fee (including, without limitation, the submission of the appropriate documentation without defects or irregularities and in respect of bona fide tenders). Such soliciting dealer fee will be paid within a reasonable amount of time after the Settlement Date. The LES will not reimburse a soliciting dealer for any expenses it incurs in connection with the Invitation. No brokerage commissions are payable by Holders to the Dealer Manager, the Information Agent and Tender Agent or the LES. Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Invitation.

Name of Firm: _____

DTC Participant Number: _____

Authorized Contact: _____

Telephone Number of Broker: _____

Address of Broker: _____

E-Mail: _____

Signature: _____

Date: _____

MEDALLION STAMP BELOW

Deliver this executed Solicitation Fee Payment Request Form to the Information and Tender Agent prior to the next business day following the Expiration Date.

SOLICITATION FEE PAYMENT INSTRUCTIONS

Please choose payment delivery method.

Delivery Via Check

Issue Check to: _____

Name of Firm: _____

Attention: _____

Address: _____

Phone Number: _____

Taxpayer Identification: _____

Delivery Via Wire

Bank Name: _____

City, State: _____

ABA or Bank Number: _____

Swift Code: _____

Account Name: _____

Account Number: _____

Re: _____

Taxpayer ID Number: _____

The acceptance of compensation by such soliciting dealer will constitute a representation by it that (1) it has complied with applicable requirements of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder, in connection with such solicitation; (2) it is entitled to such compensation for such solicitation under the terms and conditions of the Invitation; (3) in soliciting a tender of Target Bonds, it has used no solicitation materials other than the Invitation furnished by the City; (4) it has complied with all instructions from the Dealer Manager in connection with the Invitation; and (5) if it is a foreign broker or dealer not eligible for membership in the Financial Industry Regulatory (the "**FINRA**"), it has agreed to conform to the FINRA's Rules of Fair Practice in making solicitations.

APPENDIX A
PRELIMINARY OFFICIAL STATEMENT
(ATTACHED)

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PRELIMINARY OFFICIAL STATEMENT DATED MAY 15, 2026

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

NEW ISSUE – FULL BOOK ENTRY

**RATINGS: S&P: AA
Fitch: AA
(See “RATINGS”)**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2026 Bonds (including any original issue discount properly allocable to the owner of a 2026 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2026 Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that interest on the 2026 Bonds is exempt from all present State of Nebraska personal income taxes. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.

THE CITY OF LINCOLN, NEBRASKA



Lincoln Electric System

\$300,000,000*

Lincoln Electric System Revenue and Refunding Bonds Series 2026

Dated: Date of delivery

Due: September 1

The Series 2026 Bonds (the “2026 Bonds”) are issuable as fully registered securities and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the 2026 Bonds. Purchases of beneficial ownership interests in the 2026 Bonds will be made in book-entry form only, in \$5,000 principal amounts or integral multiples thereof. Purchasers of beneficial interests in the 2026 Bonds (“Beneficial Owners”) will not receive physical delivery of bond certificates evidencing their ownership interest in the 2026 Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the 2026 Bonds. So long as DTC or its nominee is the registered owner of the 2026 Bonds, payments of the principal or redemption price of, and interest on the 2026 Bonds will be made directly to DTC. Disbursements of such payments to DTC Participants are the responsibility of DTC and disbursements of such payments to Beneficial Owners are the responsibility of DTC Participants. See “DESCRIPTION OF THE 2026 BONDS—Book-Entry System” herein. Union Bank and Trust Company is Registrar and Paying Agent for the 2026 Bonds under the Ordinance.

The 2026 Bonds will be dated their date of issue. The 2026 Bonds will bear interest at the rates shown on the inside cover, payable each March 1 and September 1, commencing on September 1, 2026.

Certain of the 2026 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described herein.

The 2026 Bonds are issued for valid corporate purposes, including (i) paying or reimbursing capital expenditures and establishing a construction fund, (ii) paying or redeeming outstanding Commercial Paper Notes, (iii) refunding certain outstanding bonds as described under “PLAN OF FINANCE” herein, (iv) purchasing for cancellation through an invitation to tender certain outstanding bonds as described under “INVITATION TO TENDER BONDS” herein, (v) funding any required reserves, and (vi) paying certain costs and expenses relating to the issuance of the 2026 Bonds. See “PLAN OF FINANCE” herein.

The obligation of the City of Lincoln, Nebraska (the “City”) to pay the principal or redemption price of and interest on the 2026 Bonds is a limited obligation of the City, payable exclusively from and secured by a pledge of the Net Revenues of the Lincoln Electric System (“LES”), all as more fully described herein. See “SECURITY FOR THE 2026 BONDS” herein.

The 2026 Bonds are not obligations of the State of Nebraska or any of its political subdivisions, other than the City, and neither the faith and credit nor the taxing power of the State of Nebraska or any political subdivision thereof, including the City, is pledged for the payment of the 2026 Bonds.

MATURITIES, AMOUNTS, RATES, PRICES AND YIELDS – See Inside Cover

*The 2026 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters will be passed on for the City by the Lincoln City Attorney, for the Lincoln Electric System by its General Counsel, and for the Underwriters by Nixon Peabody LLP, New York, New York, Counsel to the Underwriters. It is expected that the 2026 Bonds will be available for delivery through the DTC book-entry system on or about June 23, 2026**

BofA Securities

J.P. Morgan

The date of this Official Statement is June __, 2026.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE*

\$300,000,000*

**THE CITY OF LINCOLN, NEBRASKA
LINCOLN ELECTRIC SYSTEM REVENUE AND REFUNDING BONDS
SERIES 2026**

		\$ _____ Serial Bonds			
Due September 1	Principal Amount*	Rate	Yield	Price	CUSIP⁽¹⁾

		\$ _____ Term Bonds			
Due September 1	Principal Amount*	Rate	Yield	Price	CUSIP⁽¹⁾

* Preliminary; subject to change.

⁽¹⁾CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP numbers have been assigned by CGS, an independent company not affiliated with the City, LES or the Underwriters and are included solely for the convenience of the registered owners of the applicable 2026 Bonds. None of the City, LES or the Underwriters or any of their agents or counsel, are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable 2026 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2026 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2026 Bonds.

THE CITY OF LINCOLN, NEBRASKA

CITY ADMINISTRATION

LEIRION GAYLOR BAIRD
JOE DONDLINGER

Mayor
Finance Director

LINCOLN ELECTRIC SYSTEM

ADMINISTRATIVE BOARD

LUCAS SABALKA
DAVID SPINAR
CARL ESKRIDGE
KATE BOLZ
DONNA GARDEN
ANDREW HUNZEKER
CHELSEA JOHNSON
ALYSSA MARTIN
ERIC SCHAFER

Chair
Vice Chair
Secretary
Member
Member
Member
Member
Member
Member

EXECUTIVE LEADERSHIP TEAM

EMEKA Y. ANYANWU	Chief Executive Officer
EMILY N. KOENIG	Chief Financial Officer
PAUL A. CRIST	Chief Operating Officer (Interim) and Vice President Energy Delivery
KATHRINE E. LECHNER	Chief People Officer
DAVID A. MALCOM	Chief Technology Officer
SHELLEY R. SAHLING-ZART	General Counsel and Vice President of Legal and Government Services
JASON L. FORTIK	Vice President Power Supply
[VACANT]	Vice President Customer Services

BOND COUNSEL

Kutak Rock LLP
Omaha, Nebraska

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Charlotte, North Carolina

UNDERWRITERS' COUNSEL

Nixon Peabody LLP
New York, New York

REGARDING USE OF THIS OFFICIAL STATEMENT

AUTHORIZED INFORMATION AND REPRESENTATIONS

No dealer, broker, sales representative or other person has been authorized by the City of Lincoln, Nebraska (the “City”), the Lincoln Electric System (“LES”) or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement; and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the 2026 Bonds. The information set forth herein has been obtained from the City, LES and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement: “The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.” The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the City or LES since the date hereof. The City and LES each maintain a website and certain social media accounts. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2026 Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only, and may be in the form of a hyperlink solely for the reader’s convenience; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

REGISTRATION EXEMPTION

The 2026 Bonds have not been registered with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption therefrom. In making an investment decision, investors must rely upon their own examination of the City or LES, the facilities and services, and the terms of the offering, including the merits and risks involved. No federal or state securities commission or regulatory authority has recommended the 2026 Bonds. Moreover, none of the foregoing authorities has confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the federal securities laws, including statements regarding, among other things, anticipated trends, future liquidity requirements and capital resources. When used in this Official Statement, the words “forecast,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “budget,” “project,” “estimate,” “intend,” “expect,” “anticipate,” “plan” and similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Exchange Act, and Section 27A of the Securities Act. These forward-looking statements are based largely on LES’ expectations and are subject to a number of risks and uncertainties, certain of which are beyond the control of the City and LES. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The forward-looking statements have neither been reviewed nor reported on by any third party. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2026 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or LES or any other party described in this Official Statement, since the date of this Official Statement. Neither LES nor any other party plans to issue any updates or revisions to those forward-looking statements if or when the expectations or events, conditions or circumstances upon which such statements are based occur or do not occur.

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OFFICIAL STATEMENT

THE CITY OF LINCOLN, NEBRASKA

\$300,000,000*
Lincoln Electric System
Revenue and Refunding Bonds
Series 2026

INTRODUCTION

This Official Statement (which includes the cover page hereof and the Appendices attached hereto) is furnished by the City of Lincoln, Nebraska (the “City”), a municipal corporation existing pursuant to its home rule charter (the “Charter”) and under the laws of the State of Nebraska (the “State”), to provide information concerning: (a) the City; (b) the City’s electric system (which is hereinafter referred to as the “Lincoln Electric System,” “LES” or the “System” and which is defined in the General Ordinance (described below) to include all property and assets of the City used for or pertaining to the generation, transmission, distribution and sale of electric power and energy); and (c) the City’s \$300,000,000* aggregate principal amount of Lincoln Electric System Revenue and Refunding Bonds, Series 2026 (the “2026 Bonds”).

The 2026 Bonds are being issued pursuant to Sections 15-244 and 18-1803 to 18-1805, inclusive, Revised Statutes of Nebraska, as amended, and Article IX, Section 44 of the Charter, and a bond ordinance passed by the Lincoln City Council (the “City Council”) on July 23, 2001 (Ordinance No. 17879, the “General Ordinance”), as supplemented by a series ordinance passed by the City Council on November 18, 2024 (Ordinance No. 21678, the “2024 Ordinance”). The General Ordinance as amended and supplemented from time to time, including, but not limited to, by the 2024 Ordinance, is herein referred to as the “Ordinance.” Capitalized terms used herein, which are not otherwise defined, shall have the respective definitions set forth in the Ordinance. See “APPENDIX C: SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE—Definitions.”

The City has the following parity bonds outstanding under the Ordinance as of April 30, 2026 (the “Outstanding Bonds”): (a) \$69,775,000 aggregate principal amount of its Lincoln Electric System Revenue and Refunding Bonds, Series 2015A (the “2015A Bonds”), (b) \$65,960,000 aggregate principal amount of its Lincoln Electric System Revenue Refunding Bonds, Series 2016 (the “2016 Bonds”), (c) \$114,900,000 aggregate principal amount of its Lincoln Electric System Revenue Bonds, Series 2018 (the “2018 Bonds”), (d) \$70,740,000 aggregate principal amount of its Lincoln Electric System Revenue Bonds, Series 2020A (the “2020A Bonds”), and (e) \$136,540,000 aggregate principal amount of its Lincoln Electric System Revenue Refunding Bonds, Taxable Series 2020B (the “2020B Bonds”). The City intends to refund a portion of the Outstanding Bonds in connection with the issuance of the 2026 Bonds. See “APPENDIX G: SCHEDULE OF REFUNDED BONDS.” The City intends to purchase a portion of the Outstanding Bonds pursuant to a Tender Offer (as defined and described herein). See “APPENDIX H: SCHEDULE OF TENDERED BONDS.” The 2026 Bonds will be issued on a parity with the Outstanding Bonds under the Ordinance. In addition, the City has incurred certain subordinate obligations as further described under “OUTSTANDING BONDS AND NOTES—COMMERCIAL PAPER NOTES AND REVOLVING CREDIT AGREEMENTS.” The current aggregate outstanding principal amount of subordinate obligations is \$150,000,000 as of April 30, 2026. The City intends to refund a portion of its Commercial Paper Notes (defined herein) in connection with the issuance of the 2026 Bonds. See “OUTSTANDING BONDS AND

* Preliminary; subject to change.

NOTES—COMMERCIAL PAPER NOTES AND REVOLVING CREDIT AGREEMENTS—
Commercial Paper Notes and Short-Term Notes.”

The General Ordinance provides for the issuance by the City from time to time of Lincoln Electric System Revenue Bonds (including bonds, notes or other obligations or other evidences of indebtedness, as the case may be, as provided in the General Ordinance, the “Bonds”) (a) to finance properties and assets, and interests in properties and assets, real and personal and tangible and intangible (i) for the generation, transmission, distribution and sale of electric power and energy or (ii) such other activities and transactions as the LES Administrative Board (the “Board”) and the City shall from time to time determine and (b) to refund outstanding bonds issued under the Ordinance. Pursuant to the Ordinance, the Bonds are payable from and secured by a pledge of the “Net Revenues” of the System, which represent the revenues of LES and certain other moneys as described herein, subject to a prior charge on such revenues for the costs of operation and maintenance of LES, including all administration expenses, variable costs of operation and maintenance incurred for power supply facilities (including LES’ ownership interest in electric plants and properties co-owned with others), variable costs associated with power purchase contracts and, in certain circumstances, fixed power supply costs of LES. Additional Bonds or Parity Obligations (as defined in the Ordinance and which, except as provided in the Ordinance, will be on a parity with the 2026 Bonds) may be issued from time to time upon the approval of the Mayor and City Council under the terms and conditions set forth in the Ordinance.

This Official Statement includes summaries of the terms of the 2026 Bonds, the Ordinance and certain contracts and other arrangements relating to LES. The summaries of and references to all documents, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each such summary and reference is qualified in its entirety by references to each such document, report or instrument, copies of which may be obtained, upon request, from Lincoln Electric System, 9445 Rokeby Road, Nebraska 68526, Attention: Chief Financial Officer. Email inquiries should be addressed to finance@les.com, or call 402-475-4211.

PLAN OF FINANCE*

The proceeds of the 2026 Bonds will be used to (i) reimburse LES for previously incurred capital expenditures and establish a construction fund to pay for capital projects including, but not limited to, the new natural-gas powered generation units at the existing Terry Bundy Generating Station, (ii) pay or redeem outstanding Commercial Paper Notes (as defined herein), (iii) refund certain outstanding bonds (as described below under the heading “—Refunding of Bonds and Notes” and in Appendix G hereto), (iv) fund the purchase price of the Target Bonds (as defined below and as further described under the heading “INVITATION TO TENDER BONDS” and in Appendix H hereto), (v) fund a deposit into the 2026 Debt Service Reserve Fund, and (vi) pay certain costs and expenses relating to the issuance of the 2026 Bonds.

Refunding of Bonds and Notes

A portion of the proceeds of the 2026 Bonds, together with other available funds, will be used for the payment and redemption of \$68,905,000* principal amount of outstanding Lincoln Electric System Revenue and Refunding Bonds, Series 2015A (such refunded bonds, as more specifically set forth in Appendix G, the “Refunded Bonds”).

A portion of the proceeds of the 2026 Bonds will be used for the payment of \$75,000,000* principal amount of LES’ outstanding Commercial Paper Notes.

* Preliminary, subject to change.

Tender Offer

LES anticipates that purchasing certain of the Outstanding Bonds pursuant to a Tender Offer may provide benefits for the City and LES. The magnitude of the benefits, if any, of such Tender Offer is not known at this time and will be subject to a number of factors, including, but not limited to, participation rates, purchase prices, and general market conditions. Consequently, the purchase of any of the target bonds pursuant to the Tender Offer is dependent upon market conditions and other events beyond the control of the City and LES. See “INVITATION TO TENDER BONDS” for further information regarding the Tender Offer.

INVITATION TO TENDER BONDS

On May 15, 2026, LES commenced an Invitation to Tender Bonds (the “Invitation”), inviting holders of certain outstanding 2016 Bonds, 2018 Bonds, and 2020B Bonds (the “Target Bonds”) to tender Target Bonds for purchase (the “Tender Offer”) by LES on the terms and conditions set forth in the Invitation. The purpose of the Tender Offer was to give LES the opportunity to retire Target Bonds validly tendered and accepted for purchase on the date of issuance of the 2026 Bonds (the “Settlement Date”).

Pursuant to the Tender Offer, as set forth in the Invitation, the owners of the Target Bonds may tender their Target Bonds (the “Tendered Bonds”) for cash and, if validly tendered and accepted, and subject to the conditions set forth in the Invitation, LES expects to purchase for cancellation some or all of the Tendered Bonds at the purchase prices and on the other terms and conditions set forth in the Invitation, as supplemented or amended in accordance with the terms thereof.

If LES accepts any tenders of Target Bonds, LES expects to finance the purchase price of such tender from a portion of the proceeds of the 2026 Bonds, and such bonds would be purchased contemporaneously with, and would be conditioned on, the issuance of the 2026 Bonds. LES expects to describe any Tendered Bonds that LES preliminarily accepts in the final Official Statement following the pricing of the 2026 Bonds.

This discussion is not intended to summarize the terms of the Invitation, or to solicit offers to tender Target Bonds, and reference is made to the Invitation for a discussion of the terms of the Tender Offer and the conditions for settlement of the Tendered Bonds validly tendered and accepted for purchase. LES may conduct additional tender and/or exchange offers in the future and reserves the right to redeem any of the Target Bonds not selected for purchase pursuant to the Tender Offer, or any bonds not identified as Target Bonds in the Invitation, in accordance with the terms of such outstanding bonds. LES has filed the Invitation with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system.

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ESTIMATED SOURCES AND USES OF FUNDS*

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the 2026 Bonds.

Sources of Funds:	2026 Bonds
Par Amount of 2026 Bonds	\$
[Net] Original Issuance Premium/Discount	
Releases from Refunded/Tendered Bond Funds ⁽¹⁾	
Total Sources of Funds	\$ <u> </u>
Uses of Funds:	
Deposit to Construction Fund	\$
Payment of Commercial Paper Notes	
Deposit to 2026 Debt Service Reserve Fund	
Refunding of Refunded Bonds	
Purchase of Tendered Bonds	
Deposit to Escrow Fund	
Costs of Issuance ⁽²⁾	
Total Uses of Funds	\$ <u> </u>

⁽¹⁾ Includes release from 2015/Tendered Debt Service Reserve Fund.

⁽²⁾ Includes underwriting discount and rating agency, Registrar, Paying Agent and legal fees, dealer manager fees, tender and information agent fees, and other fees and expenses related to the Tender Offer, and other expenses related to the issuance of the 2026 Bonds.

DESCRIPTION OF THE 2026 BONDS

General

The 2026 Bonds will be issued in the aggregate principal amount of \$300,000,000* as set forth on the inside cover of this Official Statement. The 2026 Bonds will be issued in book-entry form only.

The 2026 Bonds will be dated as of their date of issue, will bear interest from that date payable on each March 1 and September 1, beginning September 1, 2026, and will mature on September 1 in the years and the principal amounts, and bear interest at the respective rates, as set forth on the inside cover of this Official Statement. Interest will be paid to the owner of each 2026 Bond as shown in the records of the Registrar on the 15th day of the month immediately preceding such Interest Payment Date. The 2026 Bonds will be issued in minimum denominations of \$5,000 or any integral multiple thereof. Union Bank and Trust Company has been appointed as Registrar and Paying Agent for the 2026 Bonds (the “Registrar”).

Interchangeability and Transfer

The 2026 Bonds, upon surrender thereof to the Registrar, with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his or her duly authorized attorney,

* Preliminary; subject to change.

may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 2026 Bonds in registered form of the same series, maturity and of any other authorized denomination.

In all cases in which the privilege of exchanging or transferring the 2026 Bonds is exercised, the City shall execute and the Registrar shall deliver the 2026 Bonds in accordance with the Ordinance. For every such exchange or transfer of 2026 Bonds, the Registrar shall require the payment by the registered owner requesting such transfer or exchange of any tax or other governmental charges payable with respect thereto.

No exchange or transfer of any 2026 Bond shall be required to be made during the 15 days next preceding before the date of selection of 2026 Bonds for redemption, or of any 2026 Bond or portion of a 2026 Bond so selected for redemption.

Sinking Fund Redemption of Term Bonds*

The 2026 Bonds maturing on September 1 in the year 20__ are subject to redemption prior to the maturity in part by lot by operation of a mandatory sinking fund on September 1 in each of the following years and in the following principal amounts at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. Selection of any 2026 Bonds maturing September 1, 20__ or portions thereof shall be in the sole discretion of the Registrar.

Year (September 1)	Principal Amount
20__	\$
20__ [†]	

[†]Maturity

Optional Redemption

The 2026 Bonds maturing on or after September 1, 20__*, shall be subject to redemption prior to maturity at the option of LES, in whole or in part in such principal amounts and from such maturity or maturities as LES, in its discretion, shall select, and by lot within a maturity if less than a full maturity is redeemed, on any Business Day on or after _____ 1, 20__* at redemption prices equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

Partial Redemption

If less than all of the 2026 Bonds are to be redeemed, the particular maturities of the 2026 Bonds to be redeemed may be selected by the City by written notice to the Registrar, and if the City does not give such notice, the 2026 Bonds will be redeemed in inverse order of maturity. If less than all of the 2026 Bonds of like maturity are to be redeemed, the particular 2026 Bonds or portions of 2026 Bonds to be redeemed shall be selected at random by the Registrar in such manner as the Registrar in its discretion may deem fair and appropriate.

* Preliminary; subject to change.

Notice of Redemption

If the City elects to redeem 2026 Bonds, the Registrar shall give notice of such redemption to the registered owners of the 2026 Bonds called for redemption, certain securities depositories and one or more information services. Such notice shall be given by first class mail to the registered owners of the 2026 Bonds designated for redemption at their addresses appearing on the bond registration books, not less than 30 days prior to the redemption date. The actual receipt by the registered owner of any 2026 Bond, the securities depositories and one or more information services of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice or any defects in such notice shall not affect the sufficiency of the proceedings for the redemption of 2026 Bonds.

Notice of redemption having been given, the 2026 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the applicable redemption price, plus interest accrued and unpaid to the redemption date and, if presentation and surrender thereof are required by the Ordinance, upon presentation and surrender thereof at the office specified in such notice of such 2026 Bonds or portions thereof and shall be paid at the redemption price, plus interest accrued and unpaid to the redemption date. If there shall be designated for redemption a portion of a 2026 Bond, if presentation and surrender thereof are required, the City shall execute and the Registrar shall authenticate and deliver, upon the surrender of such 2026 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the 2026 Bond so surrendered, a 2026 Bond of like maturity in any authorized denomination. If, on the redemption date, moneys for the redemption of all the 2026 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available therefor and if notice of redemption shall have been given as provided, then, from and after the redemption date, interest on the 2026 Bonds or portion thereof called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such 2026 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption. The City may elect to provide notice of redemption expressly conditioned upon the availability of moneys to effect such redemption on the redemption date.

For so long as the book-entry system is in effect with respect to the 2026 Bonds, the Registrar will give notices of redemption to DTC or its nominee or its successor in accordance with DTC's procedures and, if less than all of the 2026 Bonds of a maturity are to be redeemed, DTC or its successor and DTC Participants and Indirect Participants (as defined in "APPENDIX E: BOOK-ENTRY SYSTEM") will determine the particular ownership interests of 2026 Bonds of such maturity to be redeemed. Any failure of DTC or its successor or a DTC Participant or Indirect Participant to do so, or to notify a beneficial owner of interests in a 2026 Bond (a "Beneficial Owner") of any redemption will not affect the sufficiency or the validity of the redemption of 2026 Bonds. See "DESCRIPTION OF THE 2026 BONDS—Book-Entry System." The City, LES, the Registrar, the Paying Agent and the Underwriters cannot make any assurance that DTC, the DTC Participants or the Indirect Participants will distribute such redemption notices to the Beneficial Owners of the 2026 Bonds, or that they will do so on a timely basis.

Book-Entry System

General. The Depository Trust Company ("DTC"), will act as securities depository for the 2026 Bonds. The ownership of one fully registered 2026 Bond for each maturity, as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as the nominee for DTC. Ownership interests in the 2026 Bonds will be available to purchasers only through a book-entry system maintained by DTC (the "Book-Entry System"). A description of DTC, the Book-Entry System and definitions of initially capitalized terms used herein are found in "APPENDIX E: BOOK-ENTRY SYSTEM."

Risk Factors. Beneficial Owners of the 2026 Bonds may experience some delay in their receipt of distributions of the principal or redemption price of and interest on the 2026 Bonds because such distributions will be forwarded by the Registrar to DTC, credited by DTC to its Direct Participants, and then credited to the accounts of the Beneficial Owners either directly or indirectly through Indirect Participants.

Because transactions in the 2026 Bonds can only be effected through DTC, DTC Participants and certain banks, the ability of a Beneficial Owner to pledge 2026 Bonds to persons or entities that do not participate in the Book-Entry System, or otherwise to take actions in respect of such 2026 Bonds, may be limited due to the lack of physical certificates. Beneficial Owners will not be recognized by the Registrar as registered owners for purposes of the Ordinance, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and DTC Participants.

SECURITY FOR THE 2026 BONDS

The Pledge and Security Interest Under the Ordinance

The 2026 Bonds, together with the Outstanding Bonds and all other series of Bonds hereafter issued pursuant to the Ordinance, will be payable on a parity basis from and secured by a pledge of and security interest in (1) the Net Revenues of the System and (2) certain Funds established by the Ordinance (including the Electric Revenue Fund and the Bond Fund), subject to the provisions of the Ordinance permitting the application thereof for the purposes and on the terms and conditions set forth in the Ordinance. For a description of the Funds established under the Ordinance and other provisions of the Ordinance, see “APPENDIX C: SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE.”

A 2026 Debt Service Reserve Fund has been established for the 2026 Bonds into which an amount equal to the Reserve Requirement for the 2026 Bonds will be deposited. The “Reserve Requirement” with respect to the 2026 Bonds, on any date of computation, is an amount equal to the highest six (6) months’ interest on the 2026 Bonds outstanding on such date. On the date of issue of the 2026 Bonds, the “Reserve Requirement” is \$_____ with respect to the 2026 Bonds. Pursuant to the Series Ordinance, the City has the option to transfer all amounts held in the 2026 Debt Service Reserve Fund to the Bond Fund to pay debt service on the 2026 Bonds if the Net Revenues for each of the three preceding Fiscal Years are not less than 140% of Debt Service in such Fiscal Year on all Bond and Parity Obligations then Outstanding. For a more complete description of the provisions relating to the 2026 Debt Service Reserve Fund, see “APPENDIX C: SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE—2026 Debt Service Reserve Fund.”

Pursuant to the General Ordinance, the Bonds of any series hereafter issued are not required to be additionally secured by amounts on deposit in any Debt Service Reserve Fund. The City, however, may provide, at its option, in the Series Ordinance authorizing the Bonds of any series hereafter issued that the Bonds of such series will be additionally secured by amounts on deposit in any Debt Service Reserve Fund to be designated therefor. Each series of Outstanding Bonds is secured by amounts on deposit in a Debt Service Reserve Fund with respect to such series.

THE BONDS WILL BE PAYABLE SOLELY BY A PLEDGE OF THE NET REVENUES AND THE OTHER FUNDS, ASSETS AND SECURITY DESCRIBED IN THE ORDINANCE, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE CITY) SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE THEREOF OR INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS. NO REGISTERED OWNER OF ANY BOND OR RECEIVER OR TRUSTEE IN

CONNECTION WITH THE PAYMENT OF THE BONDS SHALL HAVE ANY RIGHT TO COMPEL THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY) TO EXERCISE ITS APPROPRIATION OR TAXING POWERS.

Rate Covenant and Coverage Under the Ordinance

The City and the Board have covenanted under the Ordinance to fix, establish, maintain, and collect such rates, charges and fees for electric power and energy and services furnished by the Electric System and to the extent legally permissible, revise such rates, charges and fees to produce Revenues each Fiscal Year sufficient (a) to pay all Operation and Maintenance Expenses, (b) to produce Net Revenues equal to an amount sufficient to pay the annual debt service due and payable in such Fiscal Year of the then Outstanding Bonds and Parity Obligations, and (c) to pay after deducting the amounts determined in (a) and (b) above, all other financial obligations of the Electric System reasonably anticipated to be paid from Revenues. See “APPENDIX C: SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE—Covenant as to Rates, Fees and Other Charges.”

The City may also issue subordinate indebtedness secured by the revenues of the Electric System.

Limits on Additional Debt

The City may issue additional Bonds or Parity Obligations provided (a) the Net Revenues for the Fiscal Year immediately preceding the Fiscal Year in which such additional Bonds or Parity Obligations are issued are not less than 100% of the average annual Debt Service on all Bonds and Parity Obligations to be Outstanding upon the issuance of such additional Bonds or Parity Obligations, (b) neither the City nor LES shall be in default under the terms of the Ordinance and (c) the issuance of such additional Bonds or Parity Obligations shall not cause either the City or LES to be in default under the terms of the Ordinance.

OUTSTANDING BONDS AND NOTES – COMMERCIAL PAPER NOTES AND REVOLVING CREDIT AGREEMENTS

Bonds Outstanding Under the Ordinance

Set forth below is a schedule of the Outstanding Bonds under the Ordinance as of April 30, 2026.

Description	Final Maturity	Outstanding Amount
2015A Bonds ⁽¹⁾	September 1, 2040	\$ 69,775,000
2016 Bonds ⁽²⁾	September 1, 2034	65,960,000
2018 Bonds ⁽²⁾	September 1, 2034	114,900,000
2020A Bonds	September 1, 2033	70,740,000
2020B Bonds ⁽²⁾	September 1, 2037	136,540,000

⁽¹⁾ A portion of the proceeds of the 2026 Bonds are expected to be used to currently refund all or a portion of the 2015A Bonds, as further described under the caption “PLAN OF FINANCE—Refunding of Bonds and Notes” herein.

⁽²⁾ A portion of the proceeds of the 2026 Bonds are expected to be used to purchase through invitation to tender all or a portion of the 2016 Bonds, 2018 Bonds, and 2020B Bonds, all as further described under the caption “INVITATION TO TENDER BONDS” herein.

Commercial Paper Notes and Short-Term Notes

In addition to the Bonds, LES maintains a commercial paper program and is authorized to issue commercial paper notes (the “Commercial Paper Notes”) and short-term notes (the “Short-Term Notes”) pursuant to Ordinance No. 18584, adopted August 1, 2005. The payment of the Commercial Paper Notes and Short-Term Notes is subordinate to the payment of the principal of, and interest on, the Outstanding Bonds. LES is presently authorized to issue up to \$150,000,000 aggregate principal amount in Commercial Paper Notes or Short-Term Notes. As of the date hereof, LES has \$150,000,000 of Commercial Paper Notes and no Short-Term Notes outstanding. A portion of the proceeds of the 2026 Bonds will be used to refund approximately \$75,000,000* principal amount of Commercial Paper Notes.

LES entered into a Revolving Credit Agreement dated as of August 24, 2018 (the “JPMorgan Revolving Credit Agreement”), with JPMorgan Chase Bank, National Association (“JPMorgan”). The JPMorgan Revolving Credit Agreement terminates, unless extended in accordance with its terms, on August 19, 2027. The JPMorgan Revolving Credit Agreement obligates JPMorgan to fund advances to LES in accordance with the terms of the JPMorgan Revolving Credit Agreement in an aggregate amount not to exceed \$150,000,000 (the maximum aggregate principal amount of Commercial Paper Notes or Short-Term Notes outstanding at any time). Such advances, if requested and made, are available solely for the purpose of paying maturing principal of the Commercial Paper Notes. LES’ obligation to repay such advances and the interest thereon is subordinate to the payment of the principal of, and interest on, the Outstanding Bonds. As of the date hereof, there are no advances outstanding under the JPMorgan Revolving Credit Agreement.

In addition, LES entered into a Note Purchase Agreement, dated as of August 24, 2018 (the “JPMorgan Note Purchase Agreement”) with JPMorgan. The JPMorgan Note Purchase Agreement terminates, unless extended in accordance with its terms, on August 19, 2027. The JPMorgan Note Purchase Agreement obligates JPMorgan to purchase Short-Term Notes when and if requested to do so by LES, subject to the terms of the JPMorgan Note Purchase Agreement. Short-Term Notes issued under the JPMorgan Note Purchase Agreement will mature on or before August 19, 2027. As of the date hereof, the City and LES have no amounts outstanding thereunder.

Revolving Credit Agreements

LES entered into a Revolving Credit Agreement with Bank of America, N.A. (“Bank of America”) dated as of April 5, 2023, as amended (the “Bank of America Revolving Credit Agreement”). The Bank of America Revolving Credit Agreement permits LES to draw up to \$50,000,000 on a floating rate basis. The Bank of America Revolving Credit Agreement terminates, unless extended in accordance with its terms, on April 3, 2031. LES’ obligation to repay advances and the interest thereon under the Bank of America Revolving Credit Agreement is subordinate to the payment of the principal of, and interest on, the Outstanding Bonds as well as LES’ Commercial Paper Notes or Short-Term Notes and LES’ obligations under the JPMorgan Revolving Credit Agreement or JPMorgan Note Purchase Agreement. Pursuant to the Bank of America Revolving Credit Agreement, LES may direct Bank of America to issue letters of credit securing obligations of LES. LES has no amounts outstanding under the Bank of America Revolving Credit Agreement as of the date hereof.

LES entered into a Revolving Credit Agreement with Union Bank and Trust Company (“Union Bank”) dated as of July 12, 2023 (the “Union Bank Revolving Credit Agreement” and together with the Bank of America Revolving Credit Agreement, the “Revolving Credit Agreements”). The Union Bank Revolving Credit Agreement permits LES to draw up to \$50,000,000 on a floating rate basis. The Union

* Preliminary; subject to change.

Bank Revolving Credit Agreement terminates, unless extended in accordance with its terms, on August 12, 2026. LES' obligation to repay advances and the interest thereon under the Union Bank Revolving Credit Agreement is subordinate to the payment of the principal of, and interest on, the Outstanding Bonds as well as LES' Commercial Paper Notes or Short-Term Notes, LES' obligations under the JPMorgan Revolving Credit Agreement or JPMorgan Note Purchase Agreement, and the Bank of America Revolving Credit Agreement. LES has no amounts outstanding under the Union Bank Revolving Credit Agreement as of the date hereof.

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BOND DEBT SERVICE SCHEDULE

Set forth below is a schedule of the debt service requirements for the twelve months ending September 1, 2026 and for each full year thereafter (without giving effect to any refunding or tender of Outstanding Bonds) for the 2015A Bonds, 2016 Bonds, 2018 Bonds, 2020A Bonds, 2020B Bonds and 2026 Bonds. Amounts listed below do not include Commercial Paper Notes, Short-Term Notes or obligations under the Revolving Credit Agreements. See “OUTSTANDING BONDS AND NOTES – COMMERCIAL PAPER NOTES AND REVOLVING CREDIT AGREEMENTS.”

Period Ending	Series 2026	Series 2020B ⁽²⁾	Series 2020A	Series 2018 ⁽²⁾	Series 2016 ⁽²⁾	Series 2015A ⁽¹⁾	Aggregate Annual Debt Service
9/1/2026		\$4,609,754	\$17,322,000	\$16,022,938	\$12,917,400	\$3,515,200	\$54,387,291
9/1/2027		11,601,106	12,687,750	16,019,688	10,552,400	3,526,700	54,387,644
9/1/2028		4,399,044	17,460,750	16,010,438	12,977,400	3,525,450	54,373,081
9/1/2029		22,137,375	3,375,500	16,009,188	5,816,350	7,036,350	54,374,762
9/1/2030		17,242,840	11,311,750	15,999,188	7,425,200	2,391,050	54,370,028
9/1/2031		18,456,245	11,791,750	15,994,438	5,728,200	2,391,050	54,361,682
9/1/2032		22,352,646	7,883,250	16,028,188	5,738,800	2,391,050	54,393,934
9/1/2033		18,074,132	2,378,250	15,946,938	11,076,550	2,391,050	49,866,919
9/1/2034		21,900,424	–	16,019,938	7,218,750	2,391,050	47,530,161
9/1/2035		8,911,679	–	–	–	2,391,050	11,302,729
9/1/2036		999,506	–	–	–	24,181,050	25,180,556
9/1/2037		964,836	–	–	–	1,628,400	2,593,236
9/1/2038		–	–	–	–	14,668,400	14,668,400
9/1/2039		–	–	–	–	14,671,800	14,671,800
9/1/2040		–	–	–	–	<u>14,669,200</u>	<u>14,669,200</u>
Total		\$151,649,586	\$84,211,000	\$144,050,938	\$79,451,050	\$101,768,850	\$561,131,423

Totals may not add due to rounding.

Amounts include Bonds to be refunded or tendered.

⁽¹⁾ A portion of the proceeds of the 2026 Bonds are expected to be used to currently refund all or a portion of the 2015A Bonds, as further described under the caption “PLAN OF FINANCE—Refunding of Bonds and Notes” herein.

⁽²⁾ A portion of the proceeds of the 2026 Bonds are expected to be used to purchase through invitation to tender all or a portion of the 2016 Bonds, 2018 Bonds, and 2020B Bonds, all as further described under the caption “INVITATION TO TENDER BONDS” herein.

CITY OF LINCOLN

Lincoln, the capital of Nebraska, is located in southeastern Nebraska near the center of population of the State. The City is a municipal corporation and a city of the primary class under Nebraska law. It operates under a home rule Charter and has an elected full-time chief executive (“Mayor”) and elected legislative body (“City Council”). The City’s government has a broad range of responsibilities, including operation and maintenance of electric, water, and sanitary sewer systems. The Charter grants the City power to purchase, construct and otherwise acquire, own, maintain and operate public utility plants, property and facilities within and without the limits of the City. The administration of City government operates under the direction of the Mayor by administrative departments.

The 2026 Bonds are not general obligation indebtedness of the City.

The City is authorized under the Constitution and laws of the State and its home rule Charter to issue revenue bonds. The Finance Director is appointed by the Mayor with the approval of the City Council. Among other duties imposed by the City Charter, the Finance Director is responsible for the issuance and sale of bonds, for depositing the proceeds therefrom and for other acts relating to bonds. Selected demographic information with respect to the City and the LES service area is included in Appendix A to this Official Statement.

LINCOLN ELECTRIC SYSTEM

Organization

Since 1913, the City has owned and operated at least a partial electric system. In 1966, the City purchased the properties serving the City from Consumers Public Power District and combined them with City property to form Lincoln Electric System. In 1971, following a referendum, the Board for LES was created. The Board is responsible for day-to-day administration of the electric system. The City, through the City Council, retains the right to approve rates, the annual budget, debt financing for LES capital requirements, and appointment of the Chief Executive Officer (“CEO”). Historically, such approvals have been granted by the City Council based on the actions approved and recommended by LES management and the Board.

Service Area

The LES service area includes the corporate area of the City and an area outside the City’s corporate limits. The service area covers approximately 200 square miles, of which approximately 101 square miles are within the City limits. Approximately 3% of LES’ customers are located outside the City’s corporate limits. To the extent that the corporate limits of the City are expanded in the future, Nebraska law provides that the service area of LES may likewise be expanded. The LES service area is totally surrounded by Norris Public Power District (“Norris”). LES and Norris have an agreement providing a mechanism for orderly expansion of the LES service area as the City expands. LES holds an exclusive right to serve customers within its service area. The City of Waverly, with a population of approximately 4,500, is located within the LES service area and has been served by LES under a franchise agreement since 1986. The current agreement became effective November 1, 2006 with a term of ten years. After the initial term, the agreement is automatically renewed for five-year terms unless notice is given by either party at least 18 months in advance of the expiration of the initial term or any subsequent term. No such notice has been provided by either party. LES’ financial results would not be materially adversely affected by the loss of the Waverly energy sales and revenues.

LES served 155,950 retail customers as of December 31, 2025, of which approximately 88% were residential and 12% were commercial and industrial.

Data Center Customer

On May 19, 2023, the Board adopted a resolution affirming LES’ intent to interconnect and provide electric service to a new data center in the service territory. The negotiated extension and interconnection agreement was to be based on an evaluation that considered prudent business practices, impact to existing customers, electric system reliability, and mitigation of financial and other risks. The resolution authorized the CEO to execute a facility extension and interconnection agreement with the new data center customer within the next year.

On March 7, 2024, LES entered into a Facilities Extension and Interconnection Agreement with a company representing Google. The Facilities Extension and Interconnection Agreement was further

amended and restated on November 10, 2025 (“Amended and Restated Facility Extension and Interconnection Agreement”). The terms of the Amended and Restated Facility Extension and Interconnection Agreement are subject to a confidentiality agreement. The Google data center began taking service from LES on September 11, 2025 and represents a large retail load on LES’ electric system. The Google data center meets the qualifications for being served under LES’ Large Power with Market Energy (“Market Energy”) rate. To be eligible for LES’ Market Energy rate, a retail customer must have a minimum billing demand of 20 megawatts. For more information about LES’ Market Energy rate see “RATES—Rate Design.”

LES believes that provisions within the Amended and Restated Facility Extension and Interconnection Agreement and the Market Energy rate adequately protect LES from financial risk associated with serving the Google data center. Google is directly funding the required infrastructure, including a dedicated substation to serve the data center. This new substation is an integral part of LES system, with connections to three 115-kilovolt transmission lines – two existing and one new line yet to be constructed. Additionally, LES’ generation portfolio currently exceeds its load requirements. Should the data center’s load requirements increase in the future, Google and LES have entered into an agreement to help serve those incremental needs with generation contracts sourced by Google.

As of the date hereof, there are no other data centers under construction in the LES service area large enough to qualify for service under the Market Energy rate.

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Administration

The Board consists of nine members who are appointed by the Mayor of Lincoln and confirmed by the Lincoln City Council. Each Board member is eligible for three successive terms of three years each and must be a ratepayer of LES. The present members and their occupations are as follows:

Member	Current Term Expires December	Current Term Serving	Occupation
Lucas Sabalka Chair	2026	3 rd	Computer Vision Specialist, Ocuvera
David Spinar Vice Chair	2027	3 rd	Sr. Vice President and Financial Advisor, RBC Wealth Management
Carl Eskridge Secretary	2026	2 nd	Retired, Attorney
Kate Bolz	2028	2 nd	President & CEO, Community Health Endowment of Lincoln
Donna Garden	2028	1 st	Retired, Assistant Director, City of Lincoln Transportation and Utilities
Andrew Hunzeker	2026	3 rd	CFO, Vice President Finance & IT, Lincoln Industries
Chelsea Johnson	2027	2 nd	Deputy Director, Conservation Nebraska
Alyssa Martin	2027	1 st	Managing Director, Nelnet
Eric Schafer	2028	2 nd	President, Telesis, Inc.

The executive leadership team (“ELT”) of LES, their areas of responsibility and their utility-related experience are described below.

Chief Executive Officer – Emeka Y. Anyanwu has held this position since January 2024. Prior to LES, Mr. Anyanwu served as Energy Innovation & Resources officer at Seattle City Light. In that role, he was responsible for leading certain strategic functions including utility technology, information security, electrification, grid modernization, and power resource strategy. Prior to working for Seattle City Light, Mr. Anyanwu spent 16 years at Kansas City Power & Light (now Evergy) in various roles ranging from Distribution Engineer to other progressive leadership roles in transmission and distribution operations. Mr. Anyanwu has been an active participant and contributor in industry discussions throughout his career and currently serves on the Board of Directors for GridForward, the United Way of Lincoln & Lancaster County, Educare Lincoln and the Lincoln Chamber of Commerce. He also serves on the Human Resources Committee of the Southwest Power Pool. His recent awards include the Smart Electric Power Alliance’s Individual 2021 Power Player of the Year, and the Energy Thought Summit’s 2023 Thought Leader of the Year. Mr. Anyanwu has a Bachelor of Science in Electrical Engineering from Iowa State University and a Master of Business Administration from Rockhurst University.

Chief Financial Officer – Emily N. Koenig has held this position since April 2021. Ms. Koenig holds a Bachelor of Science from the University of Nebraska. Prior to her current position, Ms. Koenig has held the positions of Director of Finance and Rates, Manager, Financial Planning and Risk Management, Manager, Financial Accounting (interim), Manager, Internal Operations, and Senior Accountant for LES and Chief Financial Officer for District Energy Corporation and Nebraska Utility Corporation. Ms. Koenig’s responsibilities include: accounting, treasury, financial planning, debt management, financial forecasting, budgeting, supply chain, management oversight of retail rate programs, load forecasting, revenue forecasting, and market research. Additionally, she has management oversight of customer services. Ms. Koenig serves as a member of the SPP Finance Committee.

Chief Operating Officer (Interim) and Vice President Energy Delivery – Paul A. Crist has held the position of Vice President of Energy Delivery since June 2020 and was recently appointed the Interim Chief Operating Officer. Previously, Mr. Crist held the position of Vice President and Chief Technology Officer since 2013. Mr. Crist has worked at LES since 1990 and has held numerous engineering and management positions related to the design and operation of the electric system. Mr. Crist holds a Bachelor of Science Degree in Electrical Engineering and a Master of Business Administration from the University of Nebraska-Lincoln. He is a Registered Professional Electrical Engineer in Nebraska and has been active in the University of Nebraska Electrical Engineering External Advisory Board. Mr. Crist serves on the Board of the Midwest Reliability Organization. Mr. Crist’s responsibilities include oversight of planning, budgeting, design, construction, operations, and maintenance of the generation, transmission, substation and distribution systems.

Chief People Officer – Kathrine E. Lechner has held this position since July 2025. Prior to joining LES, Ms. Lechner served as the chief development and experience officer and chief operating officer for Tabitha Health, a regional post-acute health system, and held leadership positions at HUMANeX Ventures, a consulting firm specializing in talent-driven HR strategies. Ms. Lechner has a Bachelor of Science in Journalism from the University of Nebraska-Lincoln and is SHRM-SCP certified. Her duties include leading the utility’s people strategy and employee services functions. This includes oversight of key employee-focused functions such as talent acquisition, performance management, training and development, compensation and benefits, labor relations, payroll, safety, physical security, facilities operations and fleet management.

Chief Technology Officer – David A. Malcom has held this position since December 2021. Mr. Malcom oversees teams responsible for cybersecurity, enterprise solutions, technology infrastructure, and utility technology, including geospatial and operational technology systems. His organization designs, builds, secures, and sustains the technology platforms that power core business operations and real-time electric system functions. Prior to joining LES, Mr. Malcom served in executive leadership roles in the fintech industry for 20 years, leading large-scale technology teams supporting enterprise and data center environments serving more than 1,600 financial institutions nationwide. He holds a Bachelor of Science in Management from Bellevue University.

General Counsel and Vice President of Legal and Government Services – Shelley R. Sahling-Zart has held this position since August 2011. Prior to her current position, she acted as vice president and assistant counsel. She has worked at LES since 1988. Ms. Sahling-Zart holds a Bachelor of Arts degree in Political Science from Doane University and Juris Doctorate from the University of Nebraska-Lincoln College of Law. She is a member of the American Bar Association and Nebraska State Bar Association. Ms. Sahling-Zart previously served two terms on the Board of Directors for the American Public Power Association. She also served two terms on the federal Surface Transportation Board’s Rail-Shipper Transportation Advisory Council, including one year as Chair. She currently serves as Vice President of the Freight Rail Customer Alliance (“FRCA”) (FRCA is a coalition representing freight rail shippers impacted by continued unrestrained freight rail market dominance over rail-dependent shippers).

Ms. Sahling-Zart is responsible for legal affairs, government relations, internal auditing, corporate and environmental compliance, and corporate governance.

Vice President Power Supply – Jason L. Fortik has held this position since September 2011. Mr. Fortik has worked at LES since May 1995, most recently serving as Manager of Resource and Transmission Planning in the Power Supply Division. He also has held several engineering positions in both the Power Supply and Energy Delivery Divisions at LES. Mr. Fortik earned a Bachelor of Science degree in electrical engineering from the University of Nebraska-Lincoln and is a Registered Professional Engineer. He also holds a Master of Business Administration from the University of Nebraska-Lincoln, a Bachelor of Technology degree in industrial supervision from Peru State College, and an Associate of Applied Science degree in electrical technology from Southeast Community College. His duties include oversight of generating resource planning, transmission planning and the related Southwest Power Pool (SPP) interactions, energy marketing functions, natural gas procurement, generation environmental compliance, generation operations and maintenance, and generation projects engineering. In addition to his role with LES, Mr. Fortik also serves as Administrator of the District Energy Corporation, serves as the Chair of the Nebraska Power Association’s Joint Planning Subcommittee, and is the current municipal sector representative on the SPP Corporate Governance Committee.

Employee Relations and Benefit Programs

LES has approximately 560 employees and maintains competitive compensation and benefit programs and supports continuing education and training. The overall turnover rate for the past three years, excluding temporary employees and retirements, has been approximately 5% annually. Approximately 155 employees in the trades and crafts are represented by the International Brotherhood of Electrical Workers (“IBEW”) Local 1536. Additionally, there are 18 employees at Rokeby Generation Station that are represented by the Rokeby Union. LES’ contracts with both the IBEW and Rokeby unions are three-year contracts, effective May 1, 2026. The current contracts expire April 30, 2029.

LES has two defined contribution retirement plans covering benefit-eligible employees upon hire: a 401(k) plan and a 457(b) plan. Total retirement contributions, including employee and employer contributions but net of employee forfeitures and vested sick leave contributions upon retirement, were \$12,261,689 and \$13,111,213 for the years ended December 31, 2024 and 2025, respectively. Employees may designate their contributions as Traditional (pre-tax) or Roth (after-tax). Under the 401(k) plan, employees hired prior to January 1, 2011, are eligible to receive from LES a matching contribution equal to 200% of the employee contribution up to 5% of employee compensation. For employees hired on or after January 1, 2011, LES will make a matching contribution equal to 100% of the employee contribution up to 10% of employee compensation. Vesting of LES 401(k) contributions is a stepped vesting schedule, with employees being fully vested after three years. LES will use any forfeited amounts to reduce its obligation to make future employer contributions.

LES has no post-retirement benefit program liability.

Payments in Lieu of Taxes

The City Charter requires that 5% of gross revenues received from the sale of electricity within the City’s corporate limits and any incorporated city or village within which LES sells electricity at retail, shall be paid annually in lieu of taxes and divided among the City and certain other local political subdivisions in the LES service area. The amount of any such annual payment is reduced to the extent there are other payments in lieu of taxes required to be made by LES with respect to its property or operations. Upon the adoption of a charter amendment in 1996, payments in lieu of tax are made after debt service on all current and future series of Bonds issued pursuant to the Ordinance.

Pursuant to a Waverly Franchise Agreement (“Franchise Agreement”), LES pays to the City of Waverly 5% of the total gross revenues received from the sale of electricity within the City of Waverly corporate limits. The current Franchise Agreement became effective November 1, 2006 with a term of ten years. After the initial term, the Franchise Agreement is automatically renewed for five-year terms unless notice is given by either party at least 18 months in advance of the expiration of such term. No such notice has been provided by either party as of the date hereof.

In 2025, \$14.0 million of LES’ revenues were paid pursuant to the above-described provision of the City Charter and the Franchise Agreement, an increase of 4.5% from 2024. Of the 2025 amount, the City received 18%, Lancaster County received 13%, Lincoln Public School District received 66%, and the City of Waverly received 3%. Since inception, LES has paid \$377.8 million in lieu of taxes.

City Dividend for Utility Ownership

Effective September 1, 2011, LES began collecting a City Dividend for Utility Ownership (the “CDFUO”) from its customers. The CDFUO is a payment to the City for its ownership of LES. The CDFUO is required by an ordinance that was approved by the City Council (the “Dividend Ordinance”). The Dividend Ordinance states LES shall remit to the City a dividend for utility ownership in the system in an amount equivalent to 2.4 percent of the Total Net Position (Net Assets) of LES, as of December 31, based upon the most recent audited year-end financial statements in effect for the February payment. The ordinance further provides that once the amount of the annual dividend for any year exceeds \$7,000,000, the amount of the annual dividend for the following year and each succeeding year thereafter shall be increased annually by the greater of 2.0 percent or by the percentage rate by which the Consumer Price Index All Urban Consumers has increased during the LES fiscal year upon which the dividend is based. The CDFUO payment exceeded \$7,000,000 in 2015. In 2020, the Lincoln City Council passed an ordinance removing the cap on future increases on a go-forward basis. The CDFUO is listed on LES electric bills as a separate item. In 2025, \$13.7 million of LES’ revenues were paid to the City pursuant to the Dividend Ordinance. The CDFUO payments are not available for payment of debt service on the Bonds.

The Dividend Ordinance was a joint effort of the Mayor’s office, the City Attorney and LES, as a result of discussions on how the City could receive a more appropriate return on investment for its ownership of LES. After assessing what the City receives from its ownership, and what other cities receive from their electric utility, LES suggested the CDFUO as a contribution to the City, given the advantages municipal ownership provides to customers. Such an approach provides a predictable utility cost.

Nebraska Power Review Board

The Nebraska Power Review Board (the “NPRB”) was created in 1963 and consists of five members appointed by the Governor, subject to confirmation by the Legislature. The duties and jurisdiction of the NPRB are limited to those matters specifically granted by State statute, including jurisdiction over the retail service areas of the electric utilities in the State and approval, with some exceptions, of new generation and transmission facilities constructed in the State. The NPRB does not have authority over retail electric rates in Nebraska. Retail rates are set by each local utility governing body.

Nebraska law provides that, under certain circumstances, the NPRB may render advisory opinions concerning wholesale rate disputes which are not binding on the parties. The statutes further provide that, with certain exceptions, before any electric generation facilities or any transmission lines or related facilities carrying more than 700 volts are constructed by any supplier of electricity, approval of the NPRB must be obtained.

Nebraska law also provides for the filing with the NPRB by the Nebraska Power Association (which represents Nebraska utilities) of certain information, including a coordinated 20-year long-range power supply report, an annual load and capability report, and a research and conservation report. These reports do not constitute or have the same effect of a typical integrated resource plan.

Insurance

LES maintains an insurance program designed to mitigate losses having a material adverse effect on its financial position or operational capabilities. LES continually reviews its exposure of potential loss and modifies the insurance program as considered appropriate. The types of insurance LES maintains include property, excess liability, cyber, directors and officers, environmental pollution, fiduciary, crime, public entity, workers compensation, and business travel.

Enterprise Risk Management

LES maintains an Enterprise Risk Management program (the “ERM Program”) to identify, assess, prioritize and mitigate the adverse effects of enterprise risks. The ERM Program receives input from all areas and levels of the organization, including the Board. Risks are evaluated periodically and escalated to the appropriate oversight levels, including the Board, when applicable. An overview of the ERM Program is provided to the Board annually.

Energy Risk Management. The nature of LES’ business exposes it to a variety of risks, including exposure to volatility in electric energy and fuel prices and uncertainty in load and resource availability. To help manage energy risks, including the risks related to LES’ participation in the Southwest Power Pool (“SPP”) Integrated Market (“IM”), LES maintains an Energy Risk Management Program. The Energy Risk Management Program establishes guidelines, roles, responsibilities and governance for employees participating in market activities to ensure energy market risks are managed in a manner consistent with LES’ risk tolerance.

Cyber and Physical Security

LES is involved in cyber and physical security activities for the utility industry. LES staff actively participate in industry groups and work with industry and government representatives to address incidents and develop best practices to protect cyber and physical infrastructure.

Cyber Security. LES has a comprehensive cyber security program covering both the Information Technology (“IT”) and Operational Technology (“OT”) networks. This responsibility is overseen by a fully staffed Cyber Security department that has grown over the years to accommodate expanding IT and OT capabilities.

LES maintains partnerships with industry and government agencies to share intelligence and best practices. This includes the Electricity Sub-Sector Coordinating Council (“ESCC”), Electricity Information Sharing and Analysis Center (“E-ISAC”), and the Multi-State Information Sharing and Analysis (“MS-ISAC”). Within the ESCC partnership, LES is a member of the Cyber Mutual Aid program. This program allows electric utilities to call on industry peers for emergency cyber assistance. LES also shares and receives information about cyber threats through the MS-ISAC, E-ISAC, and the Federal Bureau of Investigation.

LES fosters a culture of compliance by establishing a cross-divisional team that reviews, evaluates and implements NERC standards and other best practices related to the identification and protection of

LES' cyber assets. The task force monitors LES' compliance with these standards, and when necessary, implements appropriate measures to achieve compliance and best security practices.

LES regularly coordinates an international cybersecurity exercise called Cyber Tatanka. LES is a main planning partner of this exercise, along with fellow utilities, financial institutions, and the Nebraska National Guard. The exercise consists of a weeklong training followed by a second week of cybersecurity war games, in which civilian, military, and other international members respond to simulated attacks. The partnership has led to an increased understanding of cyber capabilities and will enable a more streamlined response to potential cyberattacks.

LES utilizes a third-party cyber penetration test to validate and improve security controls. These tests rotate between vendors to leverage different areas of expertise. LES conducts the tests internally and externally to evaluate the effectiveness of internal defensive tools in the event an adversary breached LES' external defenses. In 2025, LES expanded the penetration test to include a physical security element. The addition of physical security in the test has already led to improvements in building access and overall employee safety. In 2025, LES also established an internal penetration testing capability, allowing LES to conduct frequent tests of security controls while supplementing and validating external tests. To date, LES has not experienced a material cyberattack.

Physical Security. LES has a robust physical security program focused on safeguarding employees, assets, and infrastructure that powers our community. Access control and surveillance systems are widely used at most facilities. Through periodic site assessments, LES identifies security needs and implements solutions. Physical barriers that protect LES resources from theft, damage, or unauthorized access have also been installed. LES has cameras which are monitored continually by an on-premises Security Operations Center. For added security, roving guards patrol LES office facilities during core business hours. As part of continuous improvement efforts focused on physical security, LES partners with local and industry partners to share best practices and ensure compliance with Critical Infrastructure Protection standards. In addition, LES recently began conducting Vulnerability of Integrated Security Analysis assessments focused on various LES facilities. These assessments have identified opportunities for improvement and created greater awareness of the importance of physical security at LES facilities. At the end of July 2026, LES plans to permanently close its customer lobby at the Walter A. Canney Service Center. This is a business decision in response to both changing customer preferences and a comprehensive assessment that identified several security vulnerabilities in the customer lobby that posed risks to both employees and visitors.

Safety

LES received national and regional recognition in 2025 for its safety performance. The National Safety Council – Nebraska Chapter named LES one of Nebraska's Safest Companies with Distinction for the tenth consecutive year and presented the organization with its Workplace Driving Safety Award, reflecting the utility's continued emphasis on robust safety practices. LES also received the American Public Power Association's highest-tier Safety Award of Excellence for its operating practices.

Employees at the Terry Bundy Generating Station achieved a significant milestone by completing 15 years without a lost-time injury, encompassing over 546,000 hours worked. This performance highlights the sustained effectiveness of LES workplace safety programs.

Resiliency

LES continues to enhance system resiliency through asset management programs that include inspecting, renewing and replacing transmission, substation and distribution facilities due to age and other

factors. Resolution of resiliency issues can include like-for-like asset replacements, overhead facility hardening and undergrounding of existing facilities.

The following table shows LES’ System Average Interruption Duration Index (“SAIDI”) for both normal weather days and all days for the last five years. Amounts shown are minutes per year. The increase in SAIDI for all days in both 2024 and 2025 resulted from major storm events that affected the service area.

In 2024, the LES service territory experienced two extreme weather events. The first occurred in April when a tornado with an EF2 rating touched down in a rural area of the service territory. The tornado damaged three transmission structures and destroyed over a mile of distribution lines. The second event in 2024 was a high wind event that produced winds of 83 miles per hour and resulted in approximately 34,000 customers losing power. Restoration efforts cost approximately \$1.8 million. LES brought in 36 mutual aid workers from four utilities to assist with restoration efforts.

In 2025, LES responded to two major storm events. An ice storm in March and a wind event in August affected service reliability, with the August event producing wind gusts of 91 mph and interrupting service to approximately 33,000 customers. LES brought in 22 additional line workers from neighboring utilities to support restoration efforts, and all customers were restored within four days. Restoration efforts cost approximately \$2.0 million and LES anticipates receiving partial reimbursement for both the 2024 and 2025 storms from the Federal Emergency Management Agency.

SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)

	2021	2022	2023	2024	2025
SAIDI (normal day weather)	17.1	13.8	19.1	19.3	18.4
SAIDI (all days)	41.2	16.5	19.1	187.1	240.5

For major events, LES has improved operational processes that accelerate outage restoration and mitigate known risks. Specific efforts include enterprise use of a formalized incident command structure and development of a wildfire mitigation guide.

Liquidity

LES employs a probability-based model that assists in determining a minimum level of liquidity to be maintained. The model uses a two-step approach to analyze historical financial volatility and identify and quantify business risks. The model identifies a baseline level of liquidity to meet operational needs and a risk-based liquidity level to meet risks identified in LES’ Enterprise Risk Management program. The sum of the baseline and risk-based liquidity levels determine the minimum total liquidity level. As of the date hereof, the minimum targeted level of liquidity is approximately \$89 million or 85-days’ cash on hand at each month-end. As of December 31, 2025, LES’ total liquidity was approximately \$141 million or 155 days’ cash on hand, excluding amounts available through the issuance of Commercial Paper Notes, Short-Term Notes and draws under various Revolving Credit Agreements. See “OUTSTANDING BONDS AND NOTES – COMMERCIAL PAPER NOTES AND REVOLVING CREDIT AGREEMENTS.”

Rate Stabilization Fund

LES maintains a Rate Stabilization Fund (the “RSF”) to provide a method of mitigating risks that may occur from unforeseen or one-time events which may have a significant financial impact to LES. LES does not intend to fund routine rate adjustments with funds from the RSF. Deposits and withdrawals of the RSF are subject to approval of the Board based upon recommendations from the Board’s Finance Committee. The current target for the RSF balance, as identified by LES’ liquidity modeling, is \$33 million.

As of December 31, 2025, the fund balance was \$42 million. The RSF balance is not pledged to pay debt service on the Bonds, but if necessary, the funds could be made available by the Board to pay debt service.

SELECTED OPERATING INFORMATION

The following table shows LES' electricity sales, sales revenues (expressed in thousands) and number of customers by customer class for its last five years of operations ended December 31:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Megawatt-hour sales:					
Residential	1,310,455	1,345,068	1,347,649	1,307,692	1,378,273
Commercial & Lighting	1,443,632	1,475,289	1,481,761	1,473,539	1,555,568
Industrial	<u>477,804</u>	<u>455,298</u>	<u>466,063</u>	<u>469,693</u>	<u>441,845</u>
Subtotal Retail	3,231,891	3,275,655	3,295,473	3,250,924	3,375,686
Wholesale	<u>832,831</u>	<u>968,125</u>	<u>740,216</u>	<u>622,119</u>	<u>630,886</u>
TOTAL	4,064,722	4,243,780	4,035,689	3,873,043	4,006,572
Revenue from electric sales:					
Residential	\$127,733	\$130,691	\$137,735	\$141,988	\$153,700
Commercial & Lighting	113,358	114,501	121,124	125,713	138,918
Industrial	<u>32,467</u>	<u>30,300</u>	<u>31,815</u>	<u>33,439</u>	<u>34,141</u>
Subtotal Retail	273,557	275,492	290,674	301,140	326,759
Wholesale	<u>74,594</u>	<u>65,330</u>	<u>38,713</u>	<u>58,677</u>	<u>58,925</u>
TOTAL	\$348,151	\$340,822	\$329,387	\$359,817	\$385,685
Average number of customers:					
Residential	128,256	130,067	132,338	134,912	136,859
Commercial & Lighting	17,345	17,539	17,751	17,920	18,025
Industrial	233	231	233	237	236
Wholesale	<u>8</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>5</u>
TOTAL	145,842	147,844	150,329	153,075	155,125

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The following table shows LES' operating revenues, operating expenses, debt service and debt service coverage ratio, dollars in thousands.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
Operating Revenue	\$368,898	\$361,383	\$350,029	\$382,769	\$396,323
Operating Expenses	<u>242,426</u>	<u>247,637</u>	<u>234,460</u>	<u>245,833</u>	<u>264,943</u>
Net Operating Revenue	\$126,472	\$113,746	\$115,569	\$136,936	\$131,380
Interest Income**	210	2,968	8,472	5,933	5,803
Other Income	<u>-</u>	<u>-</u>	<u>577</u>	<u>546</u>	<u>1,350</u>
Funds available for debt service	\$126,682	\$116,714	\$124,618	\$143,415	\$138,533
Debt Service	\$49,687	\$50,226	\$51,691	\$55,280	\$53,776
Debt Service Coverage Ratio	2.55x	2.32x	2.41x	2.59x	2.58x

*In 2025 LES implemented GASB Statement No. 103

**Excludes interest earned on the rate stabilization fund

The following table shows LES' fixed charge coverage ratio for the last five years. The fixed charge coverage ratio measures LES' ability to cover debt service on outstanding bonds, payments in lieu of taxes, city dividend payments, and a certain percentage of other recurring fixed contractual obligations such as renewable power purchase agreements. LES targets a minimum fixed charge coverage ratio of 1.40x when setting rates.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fixed Charge Coverage Ratio	1.77x	1.60x	1.62x	1.76x	1.85x

RATES

General

The City Council has exclusive jurisdiction for establishing rates for LES' retail customers. In the opinion of the LES General Counsel, no other State or Federal regulatory body has any authority to determine or review the retail rates set by the City Council. There are currently no investor-owned electric utilities serving retail customers in Nebraska. State residents are served exclusively by public power districts, municipally-owned utilities, such as LES, and not-for-profit rural electric cooperatives. The Nebraska Public Service Commission retains only very limited jurisdiction over the operation of electric utilities in the State, with no jurisdiction over electric rates.

The retail electric rates charged by LES are not subject to Federal regulation.

Rate Design

LES' rates are designed by LES staff using cost of service principles. There are several rate classifications (e.g., residential, general service, heating service, large light and power, market energy rate, etc.), with different rates within each classification. Each rate classification includes various components, which include customer charges, facilities charges, demand charges, energy charges and other charges.

Large customers that own substation facilities and receive service at 115 kV and have a minimum billing demand of 20,000 kW pay “market energy” rates that pass through real-time energy rates in SPP’s Integrated Marketplace. LES currently has one customer on this rate.

LES’ rates do not include an automatic fuel cost adjustment or a power cost adjustment. Rates are adopted by the Board after a public hearing and then recommended to the City Council for approval. The City Council has final authority to approve LES’ rate adjustments and has approved such adjustments. The chart set forth below under the sub-caption “Rate Changes” lists average annual retail rate changes since 2022; rate changes for individual customer classes may have been lower or higher than the average rates.

Rate Changes

From 2018 to 2021, LES’ rates remained unchanged; however, like many utilities, LES has been impacted by cost pressures over the last five years that have led to several modest rate increases for customers. Some major drivers of recent rate increases include higher SPP transmission expenses, cost inflation for raw materials and services, and supply chain disruptions. Additionally, the need to add 100 megawatts of new generation at the Terry Bundy Generating Station in 2025 due to changing resource adequacy requirements in the SPP footprint spurred a mid-year rate increase of 4.0%. This increase went into effect on July 1, 2025, and when combined with another increase that went into effect on January 1, 2025, led to an average increase for customers of 7.3% in 2025. The 4.0% rate increase to pay for additional generation was the first mid-year increase LES had enacted in over a decade. LES is projecting stable rate increases over the next 3-5 years. The projected rate increases for 2027-2029 are not officially approved and are subject to change.

Over the last five years, LES retail sales have represented 81% of LES’ operating revenues. The average annual retail rate percentage changes since 2022 and forecasts for 2027-2029 are as follows:



*2025 included a 1/1/2025 increase of 3.3% and a mid-year increase of 4.0%.

Electricity affordability, particularly for residential customers, impacts how individuals manage their finances. This is especially true for low-income customers who must consider all living expenses when paying their bills. Therefore, measuring the affordability of electricity is a crucial benchmark for utilities.

The residential electric bill as a percent of median household income (“MHI”) was used to measure how much of their total income a household spends on electricity. This metric was determined by multiplying the average monthly bill by the number of months in the year and then dividing it by the MHI for the city or state.

The table below shows the past six years of LES residential bills as a percentage of the MHI** compared to the residential bill as a percentage of MHI for the state of Nebraska:

<u>Year</u>	<u>LES - Residential Bill % MHI</u>	<u>NE – Residential Bill % MHI</u>
2019	1.73%	2.11%
2020	1.66%	2.08%
2021	1.59%	1.95%
2022	1.48%	1.88%
2023	1.49%	1.78%
2024	1.46%	1.73%

LES, like most electric utilities, has historically recovered a substantial portion of its fixed costs through its variable energy rate charges. With this rate structure, there is a risk that as customers use less energy, sufficient revenues will not be collected. In order to better align its revenue collection to the manner in which costs are incurred, in 2016 LES began the transition of increasing the fixed-charge portion of the bill and lowering the energy charge for residential, general service and heating service rate classes. In 2019, changes for residential customers finalized the movement of substation and distribution costs into the fixed component of the bill. In 2022 LES began moving the transmission costs into the fixed portion of the bill and these cost movements are still underway. These rate changes are revenue neutral to LES.

Every year, LES performs a regional bill comparison, which simulates the bills of selected peer utilities in neighboring states as a way to benchmark different cross sections of residential, commercial, and industrial bills. Below are three tables showing the history of these comparisons since 2022.

	Monthly Residential Bill (1,000 kWh)				
	2022	2023	2024	2025	2026
Des Moines, IA	\$111	\$122	\$117	\$115	\$115
Lincoln, NE	\$98	\$102	\$107	\$110	\$117
Omaha, NE	\$117	\$119	\$120	\$131	\$138
Kansas City, MO	\$138	\$133	\$141	\$142	\$142
Colorado Springs, CO	\$145	\$137	\$133	\$142	\$147
Wichita, KS	\$133	\$152	\$136	\$153	\$161
Denver, CO	\$132	\$148	\$141	\$155	\$174
Minneapolis, MN	\$164	\$176	\$182	\$185	\$182

** MHI data per the U.S. Census Bureau’s American Community Survey.

Monthly Commercial Bill (10,000 kWh/40kW)

	2022	2023	2024	2025	2026
Lincoln, NE	\$771	\$812	\$839	\$856	\$907
Des Moines, IA	\$917	\$1,028	\$990	\$950	\$960
Omaha, NE	\$739	\$768	\$804	\$936	\$1,037
Colorado Springs, CO	\$1,199	\$1,120	\$1,040	\$1,123	\$1,145
Kansas City, MO	\$1,282	\$1,235	\$1,295	\$1,311	\$1,337
Wichita, KS	\$1,172	\$1,363	\$1,203	\$1,285	\$1,376
Minneapolis, MN	\$1,484	\$1,603	\$1,561	\$1,594	\$1,539
Denver, CO	\$1,344	\$1,447	\$1,436	\$1,565	\$1,809

Monthly Industrial Bill (650,000 kWh/1,000kW)

	2022	2023	2024	2025	2026
Des Moines, IA	\$47,610	\$47,610	\$45,420	\$41,669	\$42,219
Lincoln, NE	\$38,268	\$40,027	\$40,975	\$41,776	\$44,531
Colorado Springs, CO	\$58,238	\$49,658	\$43,836	\$46,083	\$46,895
Omaha, NE	\$42,159	\$44,074	\$45,335	\$48,841	\$50,847
Wichita, KS	\$50,534	\$56,380	\$46,656	\$53,040	\$52,813
Kansas City, MO	\$51,927	\$48,792	\$52,720	\$53,450	\$53,712
Denver, CO	\$53,417	\$57,554	\$53,591	\$52,347	\$62,470
Minneapolis, MN	\$66,716	\$68,507	\$72,360	\$69,107	\$65,167

MANAGEMENT DISCUSSION OF OPERATIONS

General

LES is a summer peaking utility and experiences varying weather conditions. LES’ all-time peak occurred in 2023 and is 819 MW. The peak loads (including losses, but excluding reserve requirements) since 2021 are as follows:

Year	System Peak Load (MW)
2021	769
2022	763
2023	819
2024	784
2025	801

Variability in the summer peak reflects not only weather variation but also the effect of economic conditions on load needs and energy efficiency from all customer classes.

LES continues to experience steady customer growth. The average number of retail customers served by LES since 2021 is shown below:

Year	Average Customers	Annual Percent Increase
2021	145,834	1.4
2022	147,837	1.4
2023	150,322	1.7
2024	153,069	1.8
2025	155,120	1.3

The following table displays the industries of LES’ top 10 customers, as of December 31, 2025. While no customer currently accounts for more than 2.4 percent of LES’ total revenue, LES anticipates revenue concentration to increase in the coming years, due to the Google data center that began taking service in late 2025. Furthermore, the industries represented in the top 10 are diverse and stable.

Industry	Industry
Higher Education	2.4%
City Government	2.0%
Manufacturing	1.9%
Education K-12	1.8%
Healthcare	1.3%
Animal Pharmaceuticals	1.1%
State Government	1.0%
Industrial and Specialty Gases	0.8%

Years Ended December 31, 2025 and 2024

Total operating revenues for 2025 were 7.1% greater than 2024. This increase is attributed to greater retail revenue in 2025, primarily due to two rate increases in 2025 (January 1, 3.3% and July 1, 4.0%). Wholesale revenue was up 5.5% from 2024, due primarily to increased sales in the Southwest Power Pool Integrated Marketplace.

Operating expenses for 2025 were 8.2% greater than 2024. This increase is attributed to higher purchased and produced power expenses, as well as increased operations and maintenance expenses due to several major storms that impacted the service territory.

See “APPENDIX B: LES’ AUDITOR’S REPORT AND FINANCIAL STATEMENTS DECEMBER 31, 2025” for financial information.

LES MANAGEMENT SERVICES

District Energy Corporation

On December 18, 1989, articles of incorporation creating the District Energy Corporation of Lincoln and Lancaster County, Nebraska (“DEC”) were filed with the Nebraska Secretary of State for the purpose of creating a nonprofit corporation to own, operate, maintain and finance heating and cooling facilities for existing and future buildings of Lancaster County, Nebraska (the “County”) and the City. As a result of amendments to Nebraska law, on March 27, 1992, the County and the City entered into an Interlocal Cooperation Agreement (the “DEC Agreement”) with respect to DEC and on April 5, 1992, amended and restated articles of incorporation for DEC were filed with the Nebraska Secretary of State. DEC is authorized pursuant to the DEC Agreement and its articles of incorporation to provide for

purchasing, leasing, constructing and financing facilities and the acquisition of services in order to furnish energy requirements and related services to the City and the County and to such other persons and entities as the City and the County may be authorized by law to serve. Under the DEC Agreement, LES may appoint at least one member of the DEC Board of Directors. LES has also entered into a Management Agreement with DEC, dated December 15, 1989 and amended and restated on April 18, 2019 (the “DEC Management Agreement”), pursuant to which LES provides operational and financial management services for DEC. The DEC Management Agreement is in effect for five-year terms commencing April 18, 2019 and for successive five-year terms thereafter until either party gives the other party one-year notice of termination prior to the end of the current term. Either party may terminate the agreement at any time upon 24-month notice after DEC no longer has debt outstanding. The final maturity of existing DEC debt is July 1, 2045. LES receives a management fee based on the fully allocated cost of services provided by LES. For the year ended December 31, 2025, LES received \$1,043,724 from DEC as reimbursement for management expenses. LES is not currently liable for any of DEC’s obligations, liabilities, or debt. DEC also provides thermal and backup electrical services to the LES Operations Center (which serves as the LES headquarters) pursuant to an Energy Services Agreement (the “DEC-LES ESA”). The DEC-LES ESA remains in effect until the later of October 18, 2036 or until all debt associated with the property and distribution systems equipment used by DEC to provide services to LES (the “DEC-LES Facilities”) has been paid. The DEC-LES ESA provides that in the event of the dissolution or winding up of the affairs of DEC prior to expiration or termination of the DEC-LES ESA, the DEC-LES Facilities shall be transferred to LES and LES shall assume any outstanding bonding indebtedness or proportionate share of outstanding bonding indebtedness relating to the DEC-LES Facilities under such agreement.

Nebraska Utility Corporation

On May 17, 2001, the City on behalf of LES and the Board of Regents of the University of Nebraska (the “Regents”) entered into an Interlocal Cooperation Agreement Establishing the Nebraska Utility Corporation (the “NUCorp Agreement”) and on May 21, 2001, articles of incorporation for the Nebraska Utility Corporation (“NUCorp”) were filed with the Nebraska Secretary of State. NUCorp was created for the purpose of providing for purchasing, leasing, constructing and financing facilities and acquiring services in order to furnish energy requirements, utility and infrastructure facilities and related energy, utility and infrastructure services to the City and the Regents and to such other persons and entities as the City and the Regents may be authorized by law to undertake. LES also entered into an Energy Management Agreement with NUCorp, dated May 30, 2001 (the “NUCorp Management Agreement”), pursuant to which LES provided management services relative to electrical and thermal energy systems on the University of Nebraska-Lincoln campus for NUCorp, and managed the business and financial matters of NUCorp. LES was not liable for any of NUCorp’s obligations, liabilities, or debt. The NUCorp Management Agreement was terminated on June 30, 2022. Additionally, the Regents and the City terminated the NUCorp Agreement effective February 29, 2024.

POWER SUPPLY

Summary of Resources

LES’ energy requirements are met through the Southwest Power Pool (“SPP”) Integrated Marketplace (“IM”). LES satisfies its capacity requirements from the following resources which are dispatched upon request from SPP:

- (a) LES-owned generation facilities comprised of (i) output associated with LES’ undivided ownership interest, as a tenant in common, in the Missouri Basin Power Project and its Laramie River Generating Station (“LRS”) operated and maintained by Basin Electric Power Cooperative (“Basin”), (ii) generation from four LES-owned combustion turbines located at the

Rokeby Generation Station and 8th & J Street, (iii) a four-unit combined cycle and peaking generating facility located at Terry Bundy Generating Station (“TBGS”), including a three unit landfill gas to energy generation facility located at TBGS, and (iv) output associated with LES’ joint ownership interest in the Walter Scott Energy Center Unit #4 (“WSEC #4”) operated and maintained by MidAmerican Energy Company (“MEC”) (see “LES-Owned Generation”);

(b) (i) Purchases from Nebraska Public Power District (“NPPD”), under separate participation contracts, of a portion of the output of the Gerald Gentleman Station owned and operated by NPPD and four wind plants owned and operated by others but under Power Purchase Agreements with NPPD (see “Participation Units”) and (ii) purchases from MEC of a portion of the output of Walter Scott Energy Center Unit # 3;

(c) Other power purchase arrangements including (i) hydroelectric purchases from the United States Department of Energy, Western Area Power Administration (“WAPA”) and the Central Nebraska Public Power and Irrigation District (“CNPPID”) and (ii) purchases from seven wind plants and a community solar facility (see “Firm Contracts”); and

(d) Capacity purchase arrangements from (i) Bluestem Wind Project and (ii) Great Western Wind Project.

Accredited resources available during the summer of 2025 totaled 1,081 megawatts (MW) and 1,111 MW in the winter of 2025. As of December 31, 2025, LES’ total nameplate generating capacity of 1,723 MW was fueled by the following: Coal: 23%; Oil and Gas: 26%; Renewable: 51%.

The total energy output of LES’ generating assets is based on many variables and can change significantly from year to year. Two of the more significant variables that impact capacity factors for different generating assets are outages (both forced and planned), and changing dispatch schedules from SPP due to market conditions or reliability concerns in the footprint.

Discussion regarding impacts from environmental legislation on power supply resources can be found in “FACTORS AFFECTING LES AND THE ELECTRIC UTILITY INDUSTRY.”

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LINCOLN ELECTRIC SYSTEM RESOURCES – 2025

<u>Unit Name</u>	<u>Fuel Type</u>	<u>Lead Owner</u>	<u>Commercial Operation Date</u>	<u>Net Capability (MW)</u>	<u>LES Share (%)</u>	<u>LES Share (MW)⁽¹⁾</u>
<u>Owned Units</u>						
Laramie River Generating Station ⁽²⁾	Coal	Basin	1982	1,698	10.5	178
Walter Scott Jr. Energy Center ⁽³⁾	Coal	MEC	2007	816	12.7	102
J Street Combustion Turbine	Gas/Oil	LES	1972	30	100.0	30
Terry Bundy 1 (Steam Unit)	Gas/Oil	LES	2004	27	100.0	27
Terry Bundy 2 (Combustion Turbine)	Gas/Oil	LES	2003	47	100.0	47
Terry Bundy 3 (Combustion Turbine)	Gas/Oil	LES	2003	47	100.0	47
Terry Bundy 4 (Combustion Turbine)	Gas/Oil	LES	2003	48	100.0	48
Rokeyby 1 (Combustion Turbine)	Gas/Oil	LES	1975	68	100.0	68
Rokeyby 2 (Combustion Turbine)	Gas/Oil	LES	1996	90	100.0	90
Rokeyby 3 (Combustion Turbine)	Gas/Oil	LES	2001	95	100.0	95
Landfill Gas to Energy Generators ⁽⁴⁾	Gas	LES	2014	5	100.0	5
<u>Participation Units</u>						
Gerald Gentleman Station	Coal	NPPD	1982	1,365	8.0	109
Elkhorn Ridge Wind Farm ⁽⁴⁾	Wind	NPPD	2009	80	7.5	6
Laredo Ridge Wind Farm ⁽⁴⁾	Wind	NPPD	2011	80	12.5	10
Broken Bow Wind Farm ⁽⁴⁾	Wind	NPPD	2012	80	12.5	10
Crofton Bluffs Wind Farm ⁽⁴⁾	Wind	NPPD	2012	42	7.5	3
<u>Firm Contracts</u>						
Arbuckle Wind Farm ⁽⁴⁾	Wind	LES	2015	100	100.0	100
Buckeye Wind Energy Center ⁽⁴⁾	Wind	LES	2015	100	100.0	100
Prairie Breeze II Wind Energy Center ⁽⁴⁾	Wind	LES	2015	73	100.0	73
Bluestem Wind Project ⁽⁶⁾	Wind	Google	2016	198	100.0	198
Great Western Wind Project ⁽⁶⁾	Wind	Google	2016	225	100.0	225
Community Solar ⁽⁴⁾	Solar	LES	2016	4	100.0	4
Western Area Power Administration	Hydro	WAPA	1974	N/A ⁽⁵⁾	N/A ⁽⁵⁾	126
Jeffrey Hydroplant ⁽⁴⁾	Hydro	CNPPID	1941	22	100.0	<u>22</u>
Total						1,723

⁽¹⁾ Summer net maximum rating.

⁽²⁾ LES' share is listed after the deduction of participation sales.

⁽³⁾ LES is a 12.66% joint owner of Walter Scott Energy Center #4 operated by MEC. LES has an agreement with MEC whereby MEC provides 50 MW of Walter Scott Energy Center #3 in exchange for 50 MW of LES' share of Walter Scott Energy Center #4.

⁽⁴⁾ LES is selling/transferring the Renewable Energy Certificates ("REC") and the renewable attributes are transferred to the REC recipient.

⁽⁵⁾ See "OTHER PURCHASE POWER ARRANGEMENTS – Western Area Power Administration."

⁽⁶⁾ LES contracts for 100% of the capacity assigned to the plant, but does not receive any of the related energy or renewable attributes.

Historical Resource Summary

The following table shows historical energy production, in MWh, for the years ending December 31, 2021 through 2025.

ENERGY (MEGAWATT HOURS)

	2021	2022	2023	2024	2025
<u>Owned Units</u>					
Laramie River Generating Station	696,722	752,571	616,210	514,278	808,296
Local Resources	257,851	276,776	155,448	161,210	129,243
Walter Scott Energy Center Unit #4	353,059	382,707	438,321	412,175	261,256
Landfill Gas to Energy	27,266	21,547	23,388	23,206	25,645
LES Wind Turbines ⁽¹⁾	2,262	2,782	2,046	988	-
<u>Participation Units</u>					
Gerald Gentleman Station	700,140	746,063	715,351	616,797	610,489
Wind ⁽²⁾	88,132	101,696	79,399	68,758	74,626
<u>Firm Contracts</u>					
WAPA purchases	251,667	253,937	250,246	247,900	250,191
Walter Scott Energy Center Unit #3 purchases	239,292	270,210	170,064	217,530	262,456
Arbuckle Wind	362,396	388,290	355,110	366,635	291,896
Buckeye Wind	383,049	414,114	370,064	352,652	300,451
Prairie Breeze II Wind	287,148	302,364	270,413	275,901	264,334
Community Solar	6,457	7,235	6,528	6,459	6,086
Jeffrey Hydroplant	=	=	=	=	<u>65,025</u>
Net total purchased & generated	<u>3,655,441</u>	<u>3,920,292</u>	<u>3,452,588</u>	<u>3,264,489</u>	<u>3,349,994</u>
Wholesale sales & losses	191,468	196,728	225,787	221,506	151,000
LES control area consumption	3,470,819	3,555,837	3,511,267	3,517,412	3,631,159

⁽¹⁾ Decommissioned in 2024.

⁽²⁾ Elkhorn Ridge, Laredo Ridge, Broken Bow and Crofton Bluffs.

The following tables show the historical summer/winter load responsibility in MW (load plus reserve requirements) and how the responsibility was met with existing resources. Data for the winter season is only available for 2025, as that was the first year SPP had a winter season reserve margin requirement. As a participant in the SPP IM, LES must provide sufficient capacity to meet its own load responsibility.

SUMMER - LOAD AND GENERATING CAPACITY (MEGAWATTS)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
LES load responsibility	844	842	870	866	886
Owened units					
Laramie River Generating Station	178	178	178	178	178
Local Resources ⁽¹⁾	448	448	450	449	451
Walter Scott Energy Center Unit #4	103	103	103	102	102
Landfill Gas	5	5	5	5	5
Participation units					
Gerald Gentleman Station	109	109	109	109	109
Jeffrey Hydroplant	-	-	-	-	22
Wind PSA ⁽²⁾	4	4	4	4	4
Wind PPA ⁽²⁾	104	93	94	87	84
WAPA purchases	<u>126</u>	<u>126</u>	<u>126</u>	<u>126</u>	<u>126</u>
Total resource capability	1,077	1,066	1,069	1,060	1,081
Surplus or deficit (-)	233	224	199	194	195

⁽¹⁾ Does not include black start or diesel generators.

⁽²⁾ Per SPP planning criteria.

WINTER - LOAD AND GENERATING CAPACITY (MEGAWATTS)

	<u>2025</u>
LES load responsibility	816
Owned units	
Laramie River Generating Station	178
Local Resources ⁽¹⁾	464
Walter Scott Energy Center Unit #4	102
Landfill Gas	5
Participation units	
Gerald Gentleman Station	109
Jeffrey Hydroplant	15
Wind PSA ⁽²⁾	7
Wind PPA ⁽²⁾	71
Great Western Wind ⁽²⁾	76
Bluestem Wind ⁽²⁾	27
WAPA purchases	<u>57</u>
Total resource capability	1,111
Surplus or deficit (-)	295

⁽¹⁾ Does not include black start or diesel generators.

⁽²⁾ Per SPP planning criteria.

The following sections provide a summary description of each of the above-mentioned resources and related contractual arrangements. For detailed information on applicable environmental regulations see “FACTORS AFFECTING LES AND THE ELECTRIC UTILITY INDUSTRY—Environmental and Other Permits and Approvals.”

LES-Owned Generation

Missouri Basin Power Project.

General. LES is one of five participants (the “MBPP Participants”) in the Missouri Basin Power Project (“MBPP”). Prior to 2019 there were six MBPP participants. In 2018, Heartland Consumers Power District sold its ownership share to Tri-State Generation and Transmission Association. MBPP includes (i) LRS, (ii) the Grayrocks Dam and Reservoir, (iii) certain transmission and transformation facilities, and (iv) rights under a 60-year transmission service contract with NPPD.

Laramie River Generating Station. LRS, located on a 2,400-acre site five miles northeast of Wheatland in Platte County, Wyoming, consists of three generating units, a substation, coal handling and storage facilities, a unit-train loop track, cooling towers, ash handling and disposal facilities and pollution control facilities for sulfur dioxide (“SO₂”), nitrous oxides (“NO_x”), and particulate removal. Unit No. 1 commenced commercial operation in 1980, Unit No. 2 in 1981 and Unit No. 3 in 1982.

The MBPP Participants have entered into a participation agreement (as amended to the date hereof, the “MBPP Participation Agreement”) which provides for the disposition of the LRS output and use of transmission facilities for service to the MBPP Participants under various conditions of operation, and the payment of costs associated with MBPP. The MBPP Participation Agreement became effective in 1977

and originally extended 50 years. The agreement was amended in 2018 and extended to December 31, 2042. LES believes that the intent will be to extend the MBPP Participation Agreement as long as LRS is economical. The MBPP Participation Agreement provides that the administration, construction, completion, operation and maintenance of MBPP shall be the responsibility of a management committee, consisting of one representative of each MBPP Participant, with each representative having one vote.

The percentage entitlements of each of the MBPP Participants with respect to MBPP output are set forth in the following table.

	Entitlement in MBPP
Electric Cooperatives:	
Basin	42.27%
Tri-State	28.50
Public Power:	
LES ⁽¹⁾	12.76
Western Minnesota (Missouri River Energy Services)	16.47
Total	100.00%

⁽¹⁾ Includes capacity sold to non-participants Municipal Energy Agency of Nebraska (“MEAN”), approximately 28 MW (1.67%), and the County of Los Alamos, approximately 10 MW (0.61%).

The MBPP Participation Agreement provides that certain costs of operation and maintenance directly related to kWh output shall be shared and paid for by the MBPP Participants as a function of net energy generation scheduled and produced for them. Remaining costs are shared and paid for in proportion to the MBPP Participants’ respective entitlement shares.

The MBPP Participation Agreement further provides for an operating agent to be responsible for the operation and maintenance under the general supervision of the management committee, and subject to removal by the management committee under certain circumstances. Basin is the operating agent and is a member of SPP.

LES made sales from LRS to non-participants of approximately 1.67% to MEAN and 0.61% to the Department of Public Utilities, County of Los Alamos, New Mexico. After these sales, LES currently has for its own use approximately 10.50% of MBPP capacity, amounting to 178 MW.

Historical operating statistics for LRS Units for the years ended December 31, 2021 - 2025, after the deduction of participation sales, are summarized in the following table.

LES’ SHARE OF LARAMIE RIVER GENERATING STATION					
	2021	2022	2023	2024	2025
Net Capability (MW)	178	178	178	178	178
Net Generation (MWh)	696,722	752,571	616,210	514,278	808,296
Capacity Factor (%)	44.68	48.26	39.52	32.89	51.84

Transmission Facilities. The transmission grid in the United States has been synchronously separated, although physically connected, along a line extending south from Great Falls, Montana, through

Stegall, Nebraska, to the Texas-New Mexico border, resulting in an eastern interconnected system and a western interconnected system. Because of this east-west separation, Units No. 2 and 3 of LRS are currently connected to the western interconnected system and Unit No. 1 is currently connected to the eastern interconnected system.

LES is on the east side of the east-west separation and would be affected by a forced or scheduled outage of Unit No. 1 of LRS. The MBPP Participation Agreement, however, gives each MBPP Participant certain rights to power and energy produced by the entire facility. Basin, as the operating agent, is required to use its best efforts to schedule each MBPP Participant's entitlement share to the extent available. In the event that the east side Unit No. 1 is not available for energy production, LES and the other east side MBPP Participants must replace such energy either from their own resources or purchases from the market. MBPP Participants may be exposed to increased costs due to Unit No. 1 not being available for SPP IM dispatch. Additional net costs after the first 144 hours of a major forced outage or unit derating are shared by all MBPP Participants.

MBPP transmission lines and a transmission service contract with NPPD are used for delivery of power and energy beyond the LRS switching station to LES and other east side MBPP Participants.

MBPP Transmission Facilities. The transmission facilities constructed and operated as a part of MBPP consist of approximately 742 miles of 345 kV and 230 kV transmission lines and various substation and switching facilities. Basin is the operating agent for both the east side and the west side transmission facilities but has delegated such responsibility for the west side transmission facilities to Tri-State. Although the MBPP transmission facilities are identified as "west side" and "east side" facilities, the cost of all the transmission facilities are shared by the MBPP Participants on an entitlement share basis.

NPPD Transmission Service. Basin entered into a transmission service contract with NPPD on behalf of MBPP dated April 29, 1977, which extends to December 31, 2040, and under which NPPD receives up to 575 MW of LRS power at Sidney, Nebraska, and delivers such power and associated energy to LES and certain other MBPP Participants. MBPP has compensated NPPD for this transmission service by a payment of about \$54.5 million for the cost of construction of certain designated transmission facilities added to that portion of the NPPD transmission grid designated to operate at 345 kV or higher (the "NPPD Bulk Transmission System"). MBPP also provides monthly payments for MBPP's share of NPPD's renewal and replacement expenditures, operating and maintenance expenses and administration and general expenses attributed to the NPPD Bulk Transmission System. The transmission facilities financed by MBPP are the sole property of NPPD. MBPP's share of such costs is based on a ratio of cost of construction payment by MBPP to the amount of NPPD's investment in utility plant attributable to the NPPD Bulk Transmission System.

Water Supply. The original LRS water requirements are supplied from four sources as follows: (i) water rights in the Boughton Ditch, located about 100 miles upstream from the Grayrocks Dam and Reservoir, (ii) water rights associated with land acquired for LRS that is inundated by waters stored in the Grayrocks Reservoir, (iii) the unused and unappropriated flows of the Laramie River stored in the Grayrocks Reservoir, and (iv) ground water from wells located on the plant site. Grayrocks Dam and Reservoir is the primary water supply for MBPP and is located on the main stem of the Laramie River. The dam was completed in July 1980 with a reservoir storage capacity of approximately 104,000 acre-feet and a surcharge capacity of 42,700 acre-feet. The principal spillway was designed with the capacity to pass the largest flood experienced during the 57 years of record for the Laramie River. Water for cooling and other purposes is pumped from Grayrocks Reservoir by pipeline to LRS.

Fuel Supply. Coal for LRS is supplied pursuant to a coal purchase contract (the "Coal Purchase Contract") between Basin, as the operating agent, and Western Fuels Association, Inc. ("Western Fuels").

Western Fuels is a non-profit Wyoming corporation created by Basin and Tri-State for the purpose of acquiring and developing economical fuel resources for Western Fuels members, consisting of electric cooperative associations and municipal electric systems, as well as other not-for-profit utilities. Western Fuels supplies coal through purchases from other companies and from the Dry Fork Mine, a mine in the Powder River Basin owned and operated by a Western Fuels wholly-owned subsidiary. The MBPP Participants loaned capital construction funds to Western Fuels, which Western Fuels in turn loaned to its subsidiary to finance the development of the Dry Fork Mine. MBPP Participants continue to loan funds to Western Fuels to support ongoing operation of Dry Fork Mine.

Under the terms of the Coal Purchase Contract, Western Fuels will supply and deliver the total coal requirements of LRS through the year 2034. Western Fuels will either renew current contracts as they expire, or contract for additional coal, or increase production at the Dry Fork Mine, for up to 2.7 million tons to provide all the coal requirements for LRS. Basin, together with the engineering and operations and management committees, has established a coal purchasing program that commits several years in advance.

Fuel for LRS is delivered exclusively by Burlington Northern Santa Fe (“BNSF”). LRS is considered captive to BNSF transportation.

Walter Scott Energy Center Unit #4 (“WSEC #4”).

General. The WSEC #4 project consists of a fourth unit constructed at MEC’s Walter Scott Energy Center on the Missouri River south of Council Bluffs, Iowa (the two original units at the site were retired March 31, 2015). This 805 MW coal-fired unit utilizes high efficiency supercritical boiler technology and state of the art emission control facilities. MEC is the plant’s operating agent for the fourteen joint owner utilities. LES is a 12.66% joint owner of WSEC #4 operated by MEC. LES has an agreement with MEC whereby MEC will provide 50 MW of Walter Scott Energy Center #3 in a swap for 50 MW of LES’ share of WSEC #4. The 50 MW swap with MEC expires December 31, 2028.

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The following is a list of the WSEC #4 participants (“WSEC #4 Participants”) with their percentage entitlements:

Participant	Percentage	Share of Capacity (MW)
MidAmerican Energy Company	59.66	480
Lincoln Electric System	12.66	103
Central Iowa Power Cooperative	9.55	77
Municipal Energy Agency of Nebraska	6.92	56
Corn Belt Power Cooperative	5.60	45
City of Cedar Falls, Iowa	2.14	17
City of Spencer, Iowa	1.14	9
City of Eldridge, Iowa	0.56	5
City of New Hampton, Iowa	0.53	4
City of Montezuma, Iowa	0.42	3
City of Waverly, Iowa	0.40	3
City of Alta, Iowa	0.14	1
City of Sumner, Iowa	0.14	1
City of West Bend, Iowa	0.14	1

Historical operating statistics for LES’ share of WSEC #4 for years ended December 31, 2021 – 2025 are summarized in the following table.

LES’ SHARE OF WALTER SCOTT ENERGY CENTER #4

	2021	2022	2023	2024	2025
Net Capability (MW)	103	103	103	102	102
Net Generation (MWh)	353,059	382,707	438,321	412,175	261,256
Capacity Factor (%)	39.13	42.42	48.58	46.00	29.24

Transmission Facilities. As part of the WSEC #4 construction budget, a 124-mile 345 kV transmission line was constructed from the Walter Scott plant site to a substation in the Des Moines area. The WSEC #4 Participants also paid to construct a 10-mile 161 kV line across the Missouri River, along with required substation upgrades, to interconnect with Omaha Public Power District’s (“OPPD”) transmission system. Upgrades at NPPD’s Cooper Nuclear Station 345 kV substation, completed as part of WSEC #4, increased the Missouri-Iowa-Nebraska Transmission (“MINT”) Project line capacity by an additional 195 MW (see discussion in Transmission, Distribution and Interconnection).

Water Supply. Unlike other generating units on the site which use the Missouri River for their water supply, WSEC #4 utilizes ground water for its primary source of plant water. Seven high-capacity wells have been drilled on MEC property surrounding the plant. Five of the wells can supply WSEC #4 peak load conditions with the other two wells providing emergency capacity. WSEC #4 utilizes a cooling tower, as opposed to using a once through process as its primary cooling system.

Fuel Supply. The WSEC #4 site can be served by two rail carriers (BNSF and Union Pacific Railroad Company (“UP”). BNSF is currently under contract to provide coal deliveries to the site. WSEC #4, along with the other coal-fired generating stations operated by MEC, is fueled by low-sulfur western

coal from the Powder River Basin. MEC’s coal supply portfolio includes multiple suppliers and mines under short-term and multi-year agreements of varying quantities. MEC regularly monitors the western coal market, looking for opportunities to enhance its coal supply portfolio.

Local Resources

General. LES owns five simple cycle combustion turbines, which are referred to as the J Street Station, the Rokeby Station Unit 1, Unit 2 and Unit 3 and TBGS Unit 4. TBGS also includes a 2 on 1 (2 combustion turbines and 1 steam unit) combined cycle unit where the two combustion turbines can also be operated in simple-cycle. Additionally, LES owns a three-unit landfill-gas-to-energy generation facility located on the TBGS site. Although the local resources will provide approximately 35% of LES’ nameplate generating resource capacity, it is anticipated that they will be used primarily for peaking or intermediate service and produced a quantity of energy that is equivalent to approximately 4% of LES’ retail customer energy requirements in 2025. The historical operation for years ended December 31, 2021 – 2025 of LES’ local generation resources is shown in the following table.

	LES’ LOCAL RESOURCES⁽¹⁾				
	2021	2022	2023	2024	2025
Net Capability (MW)	448	448	450	449	451
Net Generation (MWh)	257,851	276,776	155,448	161,210	129,243
Capacity Factor (%)	6.57	7.05	3.94	4.09	3.27

⁽¹⁾ LES’ Local Resources do not include landfill gas.

J Street Generating Station (“J Street”). J Street has one Westinghouse 251B simple cycle combustion turbine. The site is also equipped with a small auxiliary diesel generator to maintain unit availability in the event of a loss of system power. A maintenance building that includes shop and office space is located adjacent to the turbine compound. The unit has a generating capacity of 30 MW and entered commercial operation in 1972.

Rokeby Generation Station (“Rokeby”). Rokeby includes two ABB/Alstom Frame 11N simple cycle combustion turbines and a General Electric Frame 7B unit. All Rokeby turbine generators have been equipped with the required inlet structure to allow for inlet air cooling to significantly increase the summer capacity. The Rokeby site also includes the Turbine Operations Building and a 3 MW backup generator. LES generation staff provides the operations and maintenance support for the Rokeby and J Street generating sites. Rokeby utilizes groundwater resources for various plant processes such as cooling tower make-up, fire suppression, service water, water injection to the combustion turbines and other plant processes. The use of groundwater can require treatment such as chemical additives and/or the utilization of the site’s membrane Reverse Osmosis de-ionization system. The ABB/Alstom turbines have generating capacities of 90 MW and 95 MW and entered commercial operation in 1996 and 2001, respectively. The General Electric turbine has a generating capacity of 68 MW and entered commercial operation in 1975. LES’ Back-up Control Center is at the LES Data Center which is adjacent to Rokeby.

Terry Bundy Generating Station. TBGS was constructed as a combined cycle unit with simple cycle combustion turbines and a steam turbine generator and was placed into full commercial operation on August 1, 2004. Combining these two cycles provides a significantly higher efficiency when compared to LES’ other simple cycle turbines. The site is located in the northeast quadrant of LES’ service territory, and has ready access to fuel, water and transmission resources. Because the area surrounding the City has insufficient ground or surface water to support the operation requirements of TBGS, the plant uses up to 3,000 gpm of treated effluent from the City’s Northeast Wastewater Treatment Plant (the “Treatment

Plant”) located two miles south of the plant. The effluent source water provides for TBGS functions such as cooling tower make up, boiler make up in the steam cycle, fire suppression, service water, water injection to the combustion turbines for emissions control and other plant processes. After cycling through the TBGS plant processes, the wastewater generated is collected in an onsite 11 million gallon holding pond and pumped back to the treatment plant for treatment. TBGS provides LES with approximately 169 MW of generating capacity.

LES constructed the TBGS site to provide infrastructure such as fuel delivery capability, water and transmission for an ultimate site capacity of approximately 600 MW, which is far greater than the current generating capacity of the facility. In May 2025, the LES Board approved the addition of two additional simple cycle combustion turbines at the TBGS site, which will add an additional 100 MW of generating capacity. The project was deemed necessary to address new SPP generation planning reserve requirements and changes to other resource adequacy rules that modify the process to assign accredited capacity ratings to specific generation resources. The City Council approved an amendment to the LES capital budget in June 2025, which officially approved the project at an estimated cost of \$180 million. In addition to the budget amendment, the City Council also approved a 4.0% retail rate increase to help fund the project. The mid-year rate increase went into effect on July 1, 2025.

Landfill-Gas-to-Energy. The landfill gas-to-energy facility is a 3-unit, 5 MW landfill gas based generating facility located at TBGS. The landfill gas is sourced from the Lincoln Landfill via a 2.5-mile underground pipeline which is owned by LES. LES is currently undertaking a project to convert the existing units to natural gas as the City notified LES of their intent to repurpose the methane for other purposes in 2026. The facility entered commercial operations in 2014.

Salt Valley Wind Plant (“Wind Turbines”). The Wind Turbines were both Vestas model V47s rated at 660 kW each. The plant had a combined generating capacity of approximately 1 MW with unit one entering commercial operation in 1998 and unit two in 1999. Both wind turbines were decommissioned in 2024. The east turbine was decommissioned due to the transfer of ownership of the property and the west turbine was decommissioned along with it as both turbines had reached the end of their useful life. Both turbines had been in operation for over 25 years at the time of decommissioning.

Fuel Supply. J Street, Rokeby and TBGS utilize natural gas with #2 fuel oil as a backup. For J Street, natural gas is delivered through the local gas distribution piping to a gas compression plant located on the site. The site has a fuel oil storage capacity of 215,000 gallons. Fuel oil must be hauled to J Street. At Rokeby, natural gas is delivered from an interstate pipeline to the site through two high pressure lines constructed specifically for the Rokeby site. Provisions are in place to perform online switching to fuel oil. The Rokeby fuel oil is supplied from a pipeline operated by Oneok, Inc. Rokeby has approximately two million gallons of fuel oil storage capacity on site. The natural gas for TBGS is delivered from an interstate pipeline to the generating site through an LES-owned 6-mile high-pressure gas pipeline. LES has established contracts with the interstate pipeline operator for long-term firm transportation and interruptible transportation for both generating sites. TBGS has approximately two million gallons of fuel oil storage capacity on site. Fuel oil must be hauled to the TBGS site. LES maintains approximately 60 hours of fuel oil inventory for full load operation at J Street, Rokeby, and TBGS.

Participation Units

LES purchases power and energy from NPPD pursuant to a Participation Power Sales Agreement (“Participation Agreement”) from the Gerald Gentleman Station (“Gerald Gentleman Station”). Through the Participation Agreement, LES may be required to pay costs associated with compliance with environmental regulations. Federal, state and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing

legislative, regulatory, and judicial action regarding such standards and procedures. Consequently, there is no assurance that the facilities related to the Participation Agreement will remain subject to the regulations currently in effect, will always be in compliance with future regulations, will always be able to obtain all required operating permits, or that LES or NPPD can anticipate the outcome of current regulatory and legislative process. An inability to comply with environmental standards could result in additional expenditures to comply, reduced operating levels or the complete shutdown of individual units not in compliance. See “FACTORS AFFECTING LES AND THE ELECTRIC UTILITY INDUSTRY” for factors generally affecting coal-fired generation plants such as Gerald Gentleman Station.

Gerald Gentleman Station Participation Power Sales Agreement. NPPD owns and operates Gerald Gentleman Station, a two-unit coal-fired generation facility located 22 miles west of North Platte, Nebraska, having an aggregate accredited capability of 1,365 MW. The Gerald Gentleman Station Unit No. 1 began commercial operation in April 1979 and Unit No. 2 began commercial operation in January 1982. Pursuant to the Gerald Gentleman Station Participation Agreement, LES is entitled to 8% (approximately 109 MW) of the power and energy generated by Gerald Gentleman Station. The Gerald Gentleman Participation Agreement terminates on December 31 of the calendar year of the later of (i) the last maturity of the debt attributable to Gerald Gentleman Station (2034), or (ii) the date on which NPPD retires Gerald Gentleman Station from commercial operation. LES will be responsible for decommissioning costs based on its 8% participation share. NPPD started collecting decommissioning funds from LES in 2017.

Pursuant to the Gerald Gentleman Station Participation Agreement, LES pays, on a take-or-pay basis, 8% of the total costs associated with NPPD’s ownership, operation and maintenance of the Gerald Gentleman Station (including capital improvements, financing costs and related reserves, and taxes or payments-in-lieu thereof). LES additionally pays a portion of the cost of fuel based on the ratio of the power scheduled by LES in any given month to the amount of power actually generated by the station in such month. The historical operation for each of the years ended December 31, 2021 through 2025 of the LES’ share of Gerald Gentleman Station is summarized in the following table.

	LES’ SHARE OF GERALD GENTLEMAN STATION				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net Capability (MW)	109	109	109	109	109
Net Generation (MWh)	700,140	746,063	715,351	616,797	610,489
Capacity Factor (%)	73.33	78.13	74.92	64.42	63.94

Other Power Purchase Arrangements

Western Area Power Administration. LES manages allocations from the United States Department of Energy, through WAPA, of firm power under contract from Upper Missouri Basin hydroelectric plants of approximately 55 MW. LES also has an allocation of 72 MW of firm peaking power from WAPA for the six-month summer season and 22 MW for the remaining months. The firm peaking energy can be taken when LES’ projected daily load is expected to be within 72 MW of a summer system peak (22 MW during the winter season), or it can be scheduled up to an 8% seasonal load factor. The energy which LES receives associated with the firm peaking power is paid to WAPA at the standard WAPA wholesale rate or it can be returned to WAPA via a schedule from LES to WAPA. The existing WAPA contract expires in 2050.

Wind Plants. LES participates in three wind plants through direct Power Purchase Agreements (the “PPAs”) with the plant’s developer/owners: Arbuckle Mountain (100 MW) in Oklahoma, Buckeye Wind Energy Center (100 MW) in Kansas, and Prairie Breeze II Wind Energy Center (73 MW) in Nebraska. LES also participates in four Nebraska-based wind plants through Power Sales Agreements with NPPD: Laredo Ridge (10 MW), Broken Bow (10 MW), Elkhorn Ridge (6 MW) and Crofton Bluffs (3 MW). For

each of these plants, NPPD has entered into the PPA with the wind plant developer/owner. These wind resources are accredited per SPP’s criteria.

Solar Project. LES has entered into a Power Purchase Agreement with Enerparc, Inc. to support the LES Community Solar Project (5 MW_{dc}/4 MW_{ac}), located on the western edge of the City.

Hydro. LES has entered into a Power Purchase Agreement with Central Nebraska Public Power and Irrigation District for 21.6 MW of capacity and energy from the Jeffrey Reservoir Hydro facility located in western Nebraska. This agreement expires in 2037.

Battery Storage. LES has entered into a Power Purchase Agreement with Wattmore for a 3 MW, 4-hour battery storage system installed within the LES service territory. This agreement expires in 2037.

Capacity Arrangements

Bluestem Wind. LES has entered into a capacity purchase agreement with Google for 198 MW of capacity.

Great Western Wind. LES has entered into a capacity purchase agreement with Google for 225 MW of capacity.

Transmission, Distribution and Interconnections

LES owns a network of transmission lines which interconnect its generating plants to transmission lines of adjacent utilities and to various transmission and distribution substations serving the loads of LES. The LES transmission lines are physically interconnected with the transmission systems of OPPD and NPPD.

A summary of the LES transmission lines is as follows:

Circuit Voltage	Circuit Miles
345 kV	76
161 kV	12
115 kV	190

LES owns two 345-115 kV substations, a 345 kV switching station, a 161-115 kV substation, six 115kV switching stations and 38 substations which reduce transmission voltage to distribution voltage. The distribution system is operated at two primary voltage levels, 12.5 kV and 35 kV. The system includes approximately 2,100 miles of primary distribution lines that interconnect the distribution substations to the lower voltage transformers.

New distribution systems for developments, subdivisions, shopping centers and apartment complexes are generally served by underground 12.5 kV facilities. In the interest of upgrading electric service to some of the older parts of the City, a portion of the older overhead distribution system has been replaced with underground lines. As of December 31, 2025, approximately 72% of LES’ 12.5kV distribution facilities are underground.

LES is also one of six participants in the MINT Project which consists of 105 miles of 345 kV transmission extending from the substation at NPPD’s Cooper Nuclear Station to Fairport, Missouri and

then to St. Joseph, Missouri. LES exchanged 50% of its rights in the MINT Project with NPPD for rights across NPPD's system to gain access to the line.

Regional Energy Markets

On April 1, 2009, LES joined the SPP Regional Transmission Organization. This action was approved by the Board. At that time, LES withdrew its membership from the Mid-Continent Area Power Pool as all necessary services would be supplied by SPP.

In March 2014, SPP launched the IM to provide a day-ahead market along with a real-time energy and operating reserve market. To reduce energy and transaction costs, the new marketplace originally consolidated 16 balancing authorities into a single SPP-operated balancing authority. The IM utilizes locational-marginal pricing and includes virtual transactions. In addition, the IM exchanges physical transmission rights for delivery of energy for financial rights. SPP participants are compensated for differences in load costs and generation revenue through the transmission rights process that would have been delivered physically in the previously existing market.

The IM allows generators to submit offers to sell energy and operating reserves, and load serving entities to submit bids to purchase energy. After the day-ahead submissions, SPP clears the offers and bids via security-constrained unit commitment and security-constrained economic dispatch algorithms. The end product is a financially binding schedule that matches sale offers with demand bids and satisfies operating reserve requirements.

Under SPP's new resource adequacy rules, load-serving entities must maintain accredited generation sufficient to meet summer and winter peak loads plus an additional Accredited Capacity Planning Reserve Margin. For 2026, these margins are 7.06% for summer and 14.52% for winter.

Accreditation for non-dispatchable resources such as wind, solar and energy storage is determined through an Effective Load Carrying Capability (ELCC) calculation, which reflects the incremental load a resource can reliably serve. Accreditation for a specific type of generating resource typically declines as similar resources are brought online across the regional footprint.

Dispatchable generation, such as coal, natural gas, nuclear and hydro, is accredited through a Performance Based Accreditation calculation. This calculation derates a resource's summer or winter accredited capacity based on seasonal forced outage events experienced over the prior seven years. The winter season also includes an additional derate for fuel-related outages experienced during the top three percent of adjusted net peak load hours, or total load net of wind and solar generation, over the same seven-year period.

Collectively, these rules bring summer and winter resource requirements for LES closer into alignment, increasing the significance of winter planning for future resource decisions. As a result, existing rate structures, customer programs and incentives that prioritize summer peak-demand reduction may no longer fully reflect LES's cost drivers and will be reevaluated in the coming years.

LES continues to work with SPP members, through its representation on several SPP committees and working groups, including the Strategic Planning Committee, Finance Committee, Corporate Governance Committee, Market and Operations Policy Committee, Transmission Working Group, Market Working Group, Human Resources Committee, and others, to identify ways to improve market operations and overall organizational effectiveness. LES has not experienced any significant financial impacts due to the transition to the IM, although the market prices for energy continue to be impacted by a variety of forces.

Regional Reliability

The Energy Policy Act of 2005 (“EPAct 2005”) authorized the creation of a self-regulated Electric Reliability Organization (“ERO”) that spans North America, with Federal Energy Regulatory Commission (“FERC”) oversight in the United States. The legislation makes compliance with NERC and Regional Reliability Standards mandatory and enforceable; previously compliance with standards was voluntary in the United States.

The North American Electric Reliability Corporation (“NERC”) was certified as the ERO by FERC on July 24, 2006. NERC’s mission is to ensure the reliability of the bulk electric system in North America. To achieve that goal, NERC develops and enforces reliability standards; monitors the bulk electric system; performs reliability and adequacy assessments; investigates and performs event analysis; operates the industry’s Electricity Information Sharing and Analysis Center (“E-ISAC”); and educates and trains industry personnel. LES actively participates in the development and implementation of the NERC reliability standards.

Under the EPAct 2005, the Regional Entities (“RE”) are dedicated to preserving and enhancing the electric service reliability in a given region and other interconnected adjoining regions. While NERC sets minimum reliability standards, the REs are permitted to propose additional regional standards to accommodate technical differences in the regional grid. RE activities include monitoring and enforcing compliance with the NERC reliability standards for all registered entities within their region; enforcement and sanctioning for violations of standards; providing education and training to its members and stakeholders; assessing generation adequacy and performance; and collecting and reporting information relevant and required for regional reliability. The Midwest Reliability Organization (“MRO”) is an association of approximately 225 electric utilities and other electric industry participants currently serving the following states and provinces: Minnesota, Iowa, Nebraska, North Dakota, Kansas, Oklahoma, Saskatchewan and Manitoba and portions of Wisconsin, Montana, Illinois, Michigan, Missouri, Arkansas, Louisiana, Texas, New Mexico and South Dakota. The RE acts on behalf of consumers and end-users as the reliability compliance and enforcement arm of the ERO.

LES has taken a multi-level approach in order to stay involved in ongoing reliability and compliance issues. LES participates in the MRO NERC Standards Review Forum, a forum that reviews each of the NERC standards under development and collectively provides their comments and recommendations to NERC. LES also has a representative serving on the MRO Compliance Monitoring and Enforcement Program Advisory Council. Additionally, LES’ Chief Operating Officer (Interim) and Vice President of Energy Delivery is currently serving his second 3-year term on the MRO Board.

Future Power Supply

General. As part of a continual planning process, LES reviews its load and resources and participates in statewide and regional planning efforts to determine the most economical way to meet the needs of its customers. LES utilizes an integrated resource planning methodology to evaluate demand side management (“DSM”), purchases and construction alternatives.

LES contracted for a 3-MW, 4-hour battery storage project in June 2023 to supplement its existing Community Microgrid, a portion of the downtown Lincoln area that can operate isolated from the electric grid in the event of prolonged system outages. This battery project is expected to reach commercial operation in the first half of 2026.

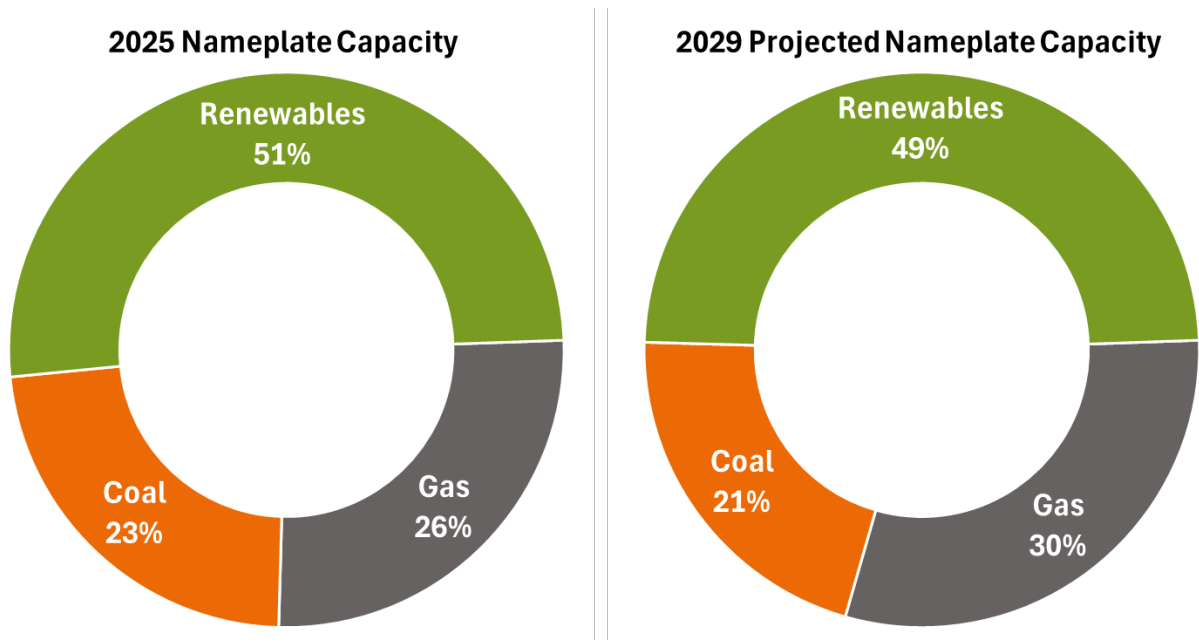
In addition, a series of new SPP resource adequacy rules, finalized in late 2024, significantly accelerated LES’ need for additional generating capacity. Following a comprehensive review of all near-

term options, LES elected to (i) enter into a power purchase agreement for the Jeffrey Hydro project, starting April 1, 2025, and (ii) pursue the construction of two additional natural gas combustion turbines at TBGS. The two additional units will add 100 MW of generating capacity and are expected to cost \$180 million. A contract for the TBGS units was finalized in late 2025, with a current target commercial operation date of summer 2029.

LES is expecting to meet its future resource needs with a mix of alternatives which may include DSM, capacity purchases from market participants, additional local generation, or participation in regional energy projects. Based on current projections for customer load growth and resource needs, without accounting for unplanned generating unit retirement, LES anticipates that additional resources for generating capacity will not be needed until approximately 2037.

Sustainability Efforts. In 2020, LES’ Board adopted a goal to achieve net zero carbon dioxide (CO₂) production from its generation portfolio by 2040. Based on an established base year of 2010, LES has reduced its CO₂ production by 50% through 2024. This reduction has primarily been achieved by (i) exiting a contract with NPPD for a share of the Sheldon Station coal plant in 2017, (ii) participation in the SPP IM, allowing LES’ load to be served from market resources and diminishing the need for LES’ existing fossil resources to operate, (iii) making a series of new generation resource additions that properly supported the goal, like wind, solar, hydro, battery storage and natural gas peaking units with limited expected operation and CO₂ emissions, and (iv) an ongoing commitment to LES’ Sustainable Energy Program (the “SEP”), a collection of energy efficiency and demand response measures incentivizing LES customers to adopt technologies that either uniformly reduce demand or shift load to off-peak periods. From the program’s inception through 2024, the SEP has reduced the summer peak demand by approximately 34 net MW and reduced annual energy consumption by more than 140,000 MWh. The SEP includes incentives for measures such as: whole-house and facility sealing and insulation, high-efficiency heat pump and air conditioning for residential and small to mid-sized commercial markets, commercial and industrial energy-efficiency programs (variable frequency drives, installation or upgrade of building automation systems), and Peak Rewards, a residential smart thermostat demand response program.

LES has a diverse generation resource portfolio. The graph below represents LES’ nameplate capacity as of 2025, as well as LES’ 2029 projected nameplate capacity by fuel type, assuming the completion of all current resource commitments.



Capital Improvement Plan

The table below shows LES' expected capital improvement plan over the next five years. LES generally plans to fund routine generation projects and 50% of normal annual capital projects from rates and 50% by debt. The 2026 Bonds are expected to fund capital projects in upcoming years, including a portion of the new generation at TBGS.

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>Total</u>
Distribution	\$27,551	\$34,602	\$28,969	\$29,848	\$32,608	\$153,578
Generation	76,838	99,471	64,865	36,715	17,735	\$295,624
Substation	10,505	20,078	22,435	15,505	16,636	\$85,159
Other	<u>11,263</u>	<u>14,086</u>	<u>29,080</u>	<u>13,464</u>	<u>41,120</u>	<u>\$109,013</u>
Total	\$126,157	\$168,237	\$145,349	\$95,532	\$108,099	\$643,374

FACTORS AFFECTING LES AND THE ELECTRIC UTILITY INDUSTRY

General

The electric utility industry, in general, has been, and in the future may be, affected by a number of factors which could impact the financial condition and competitiveness of an electric utility and the level of utilization of generating facilities, such as those of LES. Such factors include, but are not limited to: (i) increases in costs of operation and construction of utility infrastructure, including increased costs due to inflation and other increases in costs, (ii) uncertainties in predicting future load requirements, which includes data centers and other large loads, (iii) shifts in availability and relative costs of different fuels, (iv) climate change and the potential contributions made to climate change by fossil-fueled generating units, (v) effects of compliance with rapidly changing environmental, safety, reliability, licensing, regulatory and legislative requirements, (vi) changes that might result from a national energy policy, a renewable energy portfolio, and other federal and state legislative and regulatory changes, (vii) self-generation or other distributed generation (such as microturbines, fuel cells, and solar installations) by customers, (viii) changes resulting from conservation and demand side management programs on the timing and use of electric energy, (ix) increased competition from independent power producers, marketers and brokers, (x) issues related to regional market activities, (xi) issues relating to the ability to issue tax exempt obligations, (xii) severe restrictions on the ability to sell to non-governmental entities electricity from generation projects financed with outstanding tax-exempt obligations, (xiii) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and strategic alliances of competing electric (and gas) utilities from competitors transmitting less expensive energy from much greater distances over an interconnected system) and new methods of producing low cost electricity, (xiv) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity, (xv) issues relating to cyber and physical security, including acts of terrorism, (xvi) electrification of vehicles, transit fleets and other industries traditionally using fossil fuels, (xvii) natural disasters or other physical calamities, including but not limited to, floods, rising water levels, drought, winter storms, and wildfires, and potential liabilities of electric utilities in connections therewith, (xviii) changes in revenues due to unseasonable changes in the weather, (xix) adverse impacts to the market for insurance relating to natural disasters or other physical calamities, leading to higher costs or prohibitively expensive coverage, or limited or unavailability of coverage for certain types of risk, (xx) effects of possible manipulation of electric markets, (xxi) effects on the integration and reliability of power supply from the increased usage of renewables, (xxii) potential repeal of certain federal statutes that would have the effect of increasing the competitiveness of many investor-owned utilities, (xxiii) financial difficulties, including bankruptcy, of fuel suppliers and/or renewable energy suppliers, (xxiv) changes in the electric market structure for neighboring electric grids, (xxv) sudden and dramatic

increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, (xxvi) effects of changes in the economy, population and demand in the service area of LES, and (xxvii) pandemics. Any of these factors could have an effect on the financial condition of any given electric utility and will likely affect individual utilities in different ways.

LES cannot predict what effects such factors will have on the business operations and financial condition of LES, but the effects could be significant. The following sections provide a brief discussion of several of these factors. However, this discussion does not purport to be comprehensive or definitive, and these matters are subject to change after the date of this Offering Statement. Extensive information on the electric utility industry is, and is expected to be, available from legislative and regulatory bodies and other sources in the public domain.

Environmental and Other Permits and Approvals

Electric utilities are subject to continuing environmental regulation. Federal, state and local laws and regulations that regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory, and judicial action regarding such standards and procedures. There is no assurance that LES' facilities will remain subject to the regulations currently in effect, will always be in compliance with future regulations, will always be able to obtain all required operating permits or, that LES can anticipate the outcome of current regulatory and legislative processes. Changes in environmental laws and regulations and in judicial interpretations of them could result in additional capital and operating expenditures to comply, reduced operating levels or the complete shutdown of individual units not in compliance. As necessary, LES will submit applications to the appropriate federal and state authorities for any permits, certifications and renewals required by federal and state law and regulations for the operations of the TBGS, Rokeby, and J Street, and for the construction of capital additions and improvements.

Clean Air Act. The federal Clean Air Act, as amended (the "Clean Air Act"), regulates emission of air pollutants, establishes national air quality standards for major pollutants, and requires permitting of both new and existing sources of air pollution. Among the provisions of the Clean Air Act that affect operations are (1) the acid rain program, which requires nationwide reductions of SO₂ and NO_x from existing and new fossil fuel electric generating plants, (2) provisions related to toxic or hazardous pollutants, and (3) requirements to address regional haze.

Acid Rain Program. Implemented in accordance with the Clean Air Act Amendments of 1990, the Acid Rain Program is intended to achieve environmental benefits through reductions in SO₂ and NO_x emissions. Aimed at controlling the impact of acid rain on lakes, streams, trees and sensitive forest soils, it incorporates emissions rate-based limits, caps on total tons of emissions, allowances required for all emissions and active market trading of allowances to meet compliance. All LES-owned and contracted resources operate within the acid rain regulations.

Mercury and Air Toxic Standards ("MATS") Rule. In February 2012, the Environmental Protection Agency ("EPA") issued a final rule intended to reduce emissions of toxic air pollutants, particularly the emissions of heavy metals and acid gases (including mercury, arsenic, chromium, nickel, dioxins, furans, hydrogen chloride and hydrogen fluoride) from new and existing coal and oil-fired generating units (the "MATS Rule").

The MATS Rule has been subject to frequent rule revisions since its enactment reflecting evolving EPA interpretations and priorities. On May 7, 2024, the EPA published its final rule updating the MATS rule by setting new lower limits on filterable particulate matter for coal-fired power plants and requiring

that all coal- and oil-fired electric generating units use continuous monitoring systems for particulate matter to demonstrate compliance with the new standards (the “2024 Update”). Numerous states jointly filed a legal challenge to the 2024 Update and in June 2025 the EPA published a proposed repeal of the 2024 Update. On February 24, 2026, the EPA finalized its rescission of the 2024 Update reverting the particulate matter emission standard, the revised filterable particulate matter compliance demonstration requirements, and revised mercury emission limits back to the standard, requirements and limits set forth in the original MATS rule.

The MATS Rule does not apply to simple-cycle and combined-cycle stationary combustion turbines. Therefore, TBGS, Rokeby Generation Station and J Street Generating Station are not impacted.

Gerald Gentleman Station and LRS are subject to MATS and have installed mercury controls to fully comply with MATS. WSEC #4 uses activated carbon injection to control mercury emissions. WSEC #4 originally was constructed with emissions controls that enable the plant to comply with the MATS rule. Ongoing compliance with MATS must be demonstrated by each affected facility.

Cross-State Air Pollution Rule. The Cross-State Air Pollution Rule (“CSAPR”), finalized by the EPA in 2011 to regulate interstate impacts of NO_x and SO₂, and assist states’ compliance with ambient air quality standards by limiting downwind pollution from other states. Under CSAPR, facilities must provide allowances for emission of each ton of NO_x and SO₂ they emit. Nebraska facilities, including LES plants and Gerald Gentleman Station, are subject to CSAPR annual NO_x and SO₂ allowance programs. Iowa facilities, including Walter Scott Energy Center, are additionally subject to the CSAPR Ozone Season (May to September) NO_x allowance program. Facilities are allocated some CSAPR allowances by the EPA. A market-based system exists to obtain further allowances.

CSAPR provides authority for the EPA to recalculate emission allowance allocations, and as such, the EPA determined that several eastern states would not be able to meet the 2008 National Ambient Air Quality standard (“NAAQS”) for ozone without reducing the quantity of CSAPR allowances. The NAAQS for ozone was lowered in October 2015.

The EPA finalized the reallocation in 2017 for NO_x Ozone season allowances. Previously held allowances were reduced in value by a 3 to 1 ratio and the price of current allowances doubled in price. This action impacted allowances needed to cover LES’ share of emissions from WSEC #3 and WSEC #4. Per the current contract, LES receives allowance allocations from WSEC #4, but not from WSEC #3. LES obtained additional allowances from the CSAPR allowance market.

In 2023, the EPA proposed The Good Neighbor revision to the CSAPR program, which added numerous states to the program and required upwind states to limit emissions from power plants and industrial facilities so downwind states could meet CSAPR requirements. The U.S. Supreme Court blocked the implementation of the Good Neighbor Plan in 2024 and the EPA in January of 2026 has proposed a plan to roll back the plan in phases starting with eight states.

Regional Haze Rule. The purpose of the regional haze regulations is to improve visibility by reducing regional haze in 156 national parks and wilderness areas (Class I areas) across the country to their natural conditions by 2064. The first planning period for Regional Haze Rule required states to develop State Implementation Plans (“SIP”) and determine Best Available Retrofit Technology (“BART”) for certain sources that emit NO_x and SO₂ pollutants. This includes setting emission rate limits and specifying emission control technologies. Gerald Gentleman Station, Laramie River Station and Walter Scott Energy Center Unit 3 were impacted by these regulations. Future planning periods can consider additional emission sources as necessary to restore Class 1 areas.

Nebraska submitted its initial SIP to the EPA in 2011, which included plans for the Gerald Gentleman Station. In July 2012, the EPA issued the final rule on the Nebraska SIP, which approved the NO_x portion of the SIP but disapproved the SO₂ portion. EPA's Federal Implementation Plan ("FIP") for Gerald Gentleman Station's control of SO₂ requires compliance with CSAPR due to the "CSAPR equals BART determination". Gerald Gentleman Station has since been the subject of a FIP that would require SO₂ controls to be installed; however, this issue has not been resolved.

In January 2014, the EPA issued a FIP requiring installation of Selective Catalytic Reduction ("SCR") for NO_x emissions at LRS. Legal negotiations continued through 2016 until an agreement was reached on December 30, 2016. LRS installed non-SCR technology on two units and SCR technology on one unit, which was a significant cost reduction over installing SCR technology on all three units. All three systems are currently operational and meeting the NO_x emission rates dictated by the site's revised air permits.

The State of Nebraska submitted its SIP for the second planning period in August 2024. On October 2, 2025, EPA published an Advance Notice of Proposed Rulemaking soliciting information and requesting comment on how EPA can meaningfully revise the Regional Haze Rule to streamline regulatory requirements impacting states' visibility improvement obligations under the CAA.

Regional Haze and WSEC #4. WSEC #4 was not included in the first Regional Haze planning period. The State of Iowa revised the operating permits for both WSEC#3 and WSEC#4 for the second planning period. The revised permits lowered allowed emission rates.

Clean Power Plan and Affordable Clean Energy Rules. Limitations on emissions of greenhouse gases ("GHGs"), including CO₂, create significant exposure for electric fossil-fuel-fired generation facilities. The EPA issued final rules regulating CO₂ emissions from various classes of electric generating units ("EGUs") in October 2015, known as the Clean Power Plan (the "CPP"), which was replaced in 2019 by the Affordable Clean Energy ("ACE") rule, which was in turn replaced with final Carbon Pollution Standards issued by the EPA in 2024. These rules implemented new rules for GHG emissions including carbon sequestration, emission guidelines for existing fossil-fuel generating units, new source performance standards for fossil fuel-fired stationary combustion turbines, as well as revisions to the performance standards for new or modified fossil fuel combustion turbines.

The new EPA pollution standards do include concerns about the electric grid's reliability. A plant could have longer compliance time frames or delayed closure if there were unforeseen delays, like supply chain difficulties. The reliability section also mentions detailed reporting information for more certainty for grid operators and allowances for emergencies. States may also create plans to accommodate plants that demonstrate a need for less strict emission rules or to extend timelines.

Performance Standards for Greenhouse Gas Emissions from New, Modified, and Reconstructed Stationary Sources. On October 23, 2015, the EPA issued the final rule for Standards of Performance for GHG Emissions from New, Modified, and Reconstructed Stationary Sources: Electric Utility Generating Units. The rule requires a limit on GHG emissions from new, modified and reconstructed fossil fuel resources. The rule would require combined cycle technology for all gas-fired combustion turbines that meet the definition of "new, modified, or reconstructed." The regulations created by this process have the potential to have a significant impact on LES and the industry in the event additional capacity is needed. Possible exceptions apply in the case of limited capacity turbines burning only clean fuel (i.e., natural gas).

On May 9, 2024, the EPA finalized revisions to the GHG emissions both for combustion turbines (new and modified/reconstructed) and coal-fired boilers. Regulations have not been proposed for existing combustion turbines. New combustion turbines are required to use adequate combustion technologies if

operating below 40% capacity factor. Large combustion turbines that operate above 40% capacity factor are required to implement carbon capture and storage beginning in 2032. New combustion turbines planned for LES facilities anticipate running below a 40% capacity factor.

Existing coal-fired boilers are given the option to 1) retire by January 2032; or 2) retire by January 2039 as long as they co-fire with 40% natural gas starting in 2030; or 3) implement 90% carbon capture and storage by 2032. The current federal administration has issued several executive orders with the intent of delaying coal plant retirement. Currently no retirement dates have been set by Gerald Gentleman Station, LRS or WSEC.

On June 17, 2025, the EPA published a proposed rule to repeal the GHG emissions standards. In the proposed rule, EPA provides two pathways to repeal. The primary proposal is a full repeal of the rules asserting that GHG emissions from these EGUs do not “contribute significantly to dangerous air pollution.” Under this path, both the 2024 and the prior 2015 rules would be repealed. In the second pathway, the EPA proposes a partial repeal, asserting among other things that Carbon Capture and Sequestration/Storage cannot be considered BSER, as it has not been adequately demonstrated. Additionally, the EPA contends that requiring coal-fired units to co-fire with natural gas is considered “generation shifting” in violation of the U.S. Supreme Court decision in *West Virginia vs. EPA*. This would, among other things, repeal CO₂ emissions guidelines for existing coal-fired EGUs and carbon capture and sequestration/storage requirements for new natural gas plants. In this second pathway, the EPA proposes to retain the Phase 1 emissions limits for new natural gas generation.

On February 18, 2026, the EPA published a final rule to repeal the 2009 “Endangerment Finding” whereby the EPA determined, in part, that greenhouse gases threaten public health and welfare. The Endangerment Finding and similar legal bases, provide support for regulating GHGs from a variety of sources of air emissions (including EGUs) under the CAA; therefore rescinding the finding could potentially impact the regulation of GHG emissions from EGUs. Numerous groups have filed a petition with the Court of Appeals for the District of Columbia Circuit to review the repeal of the Endangerment Finding.

Clean Water Act. The Federal Clean Water Act contains requirements relating to the environmental impact of cooling water intake structures. The EPA developed regulations under Section 316(b) of the Clean Water Act that will affect facilities with cooling water intake structures. The EPA intended these regulations to ensure that the location, design, construction and capacity of cooling water intake structures reflect the best technology available to minimize adverse environmental impacts from impingement and entrainment.

Section 316(b) requirements are implemented through facility specific National Pollution Discharge Elimination System (“NPDES”) permits and associated compliance schedules administered by state permitting authorities.

LES does not operate any generating facilities subject to Section 316(b) requirements. However, LES holds ownership or contractual participation interests in generating facilities owned and operated by third parties, including Gerald Gentleman Station and WSEC. Compliance with Section 316(b) requirements at these facilities is the responsibility of the respective operating entities.

Costs associated with Section 316(b) compliance may be allocated to LES pursuant to ownership interests or contractual arrangements and could be material, depending on permitting determinations, compliance schedules, site-specific conditions, and future regulatory or agency actions. LES continues to monitor regulatory developments and permit implementation related to Section 316(b) in coordination with its operating partners to assess potential cost impacts and planning considerations.

Coal Combustion Residuals. In April 2015, the EPA promulgated the Coal Combustion Residuals rule (the “CCR Rule”) under Subtitle D of the Resource Conservation Act, establishing minimum criteria for the safe management and disposal of coal combustion residuals in landfills and surface impoundments. The CCR Rule became effective in October 2015 and addresses matters including groundwater monitoring, corrective action, closure and post-closure actions for regulated CCR units.

On May 8, 2024, the EPA published a rule amending its CCR regulations for legacy CCR surface impoundments and CCR management units at active CCR facilities and at inactive CCR facilities with a legacy CCR surface impoundment (the “Legacy CCR Rule”) became effective on November 8, 2024. Under the rule, the EPA established standards for legacy CCR impoundments to comply with the same regulations that apply to inactive CCR impoundments at active power plants, except for the location restrictions and the liner design criteria, with tailored compliance deadlines,

On February 6, 2026, the EPA announced a final rule providing facilities additional time to meet some of the CCR management units requirements. Another rulemaking is expected in the future. The EPA has proposed a Federal CCR Permit Program, which will set forth procedures to obtain federal CCR permits that would then supersede the existing federal regulations and the self-implementing scheme once a federal permit is issued for a regulated facility. LES does not own or operate any CCR-regulated units. However, LES holds ownership or participation interests in generating facilities owned and operated by third parties, including Gerald Gentleman Station, LRS, and WSEC. Compliance with CCR regulations at these facilities is the responsibility of the operating entities. Costs associated with CCR compliance or remediation may be allocated to LES pursuant to contractual arrangements or ownership participation and could be material, depending on regulatory outcomes, site-specific conditions, and future agency action.

LES continues to monitor CCR regulatory developments in coordination with its operating partners to evaluate potential impacts on compliance obligations, timing considerations, and associated cost allocation.

Hazardous Substances and Wastes. Since the enactment of the Resource Conservation and Recovery Act, the Toxic Substances Control Act, and the Comprehensive Environmental Response Compensation and Liability Act, the electric utility industry has found ever increasing environmental regulations and requirements for dealing with hazardous materials and wastes. LES programs dealing with hazardous materials include audits of all disposal facilities, environmental audits of all properties bought or sold by LES, the development of oil and hazardous materials spill plans, and employee education on the proper handling of hazardous materials.

Renewable Resources. While the State of Nebraska does not currently have any form of a renewable portfolio standard (RPS), RPS legislation could be introduced in the future by the Nebraska Legislature. The electric utility industry continues to experience some pressure from customers and regulators to incorporate additional renewable generating resources into generation portfolios. Although their intermittent production capability must be considered when assessing the reliability of the system, renewable resources can serve as a hedge against future fossil fuel price volatility and/or environmental regulations.

Extreme Weather

Extreme weather and related catastrophic events such as wildfires, floods, droughts, tornadoes, storms and other sudden or severe changes in climate conditions may cause, among other things, fluctuations in customer energy needs, physical damage to or a reduction in capabilities of utility facilities, interruptions in the ability to provide service, and impacts to operating costs and revenues that could affect the overall financial position of LES.

The severe winter storm that impacted much of the continental United States from approximately February 12, 2021 through February 16, 2021 (“Winter Storm Uri”) is an example of a climatic event that resulted in substantial effects on utilities and their customers, especially within the state of Nebraska and on other utilities within the Midwest and southcentral states that were affected by abnormally high natural gas prices. This event significantly increased the February 2021 energy costs for LES. LES utilized a variety of methods to mitigate the increased costs to its customers including ensuring its generating units are operational during such events to provide market revenue to offset high market energy prices. As a result of Winter Storm Uri, LES continues to focus its attention on extreme cold conditions and target solutions that will increase resilience and winterization of generation assets where necessary.

Cybersecurity and Physical Security

Well-publicized cyberattacks on critical infrastructure targets demonstrate the vulnerability of certain U.S. infrastructure assets. Cyberattacks on the nation’s electrical grid have occurred in the past and their effects are likely to become more intensive and may cause material damage. LES uses computer and network systems and technology to perform operations, including the storage, receipt and transmission of sensitive and confidential information. Consequently, it is possible that LES may be targeted by cyberattacks attempting to, among other things, disrupt such operations and gain access to such information. In addition to other potential ramifications, a cybersecurity breach may require LES to expend a substantial amount of money and time to resolve the breach, interrupt operations, or subject LES to legal action.

LES has taken actions to mitigate such risks, as further described under the heading “LINCOLN ELECTRIC SYSTEM – Cyber and Physical Security”.

Inflation Reduction Act and the Infrastructure Investment and Jobs Act

The Inflation Reduction Act (the “IRA”) and the Infrastructure Investment and Jobs Act (the “IIJA”) allow not-for-profit public power utilities like LES to potentially receive federal payments for a variety of generation and infrastructure projects. Multiple statutory provisions are subject to the issuance of pending regulatory guidance. LES continues to monitor the IRA and IIJA Acts, including any related guidance issued by the federal government to evaluate potential implications on operations, utility investment planning, and financing structures for generation and transmission assets. However, no assurance can be given as to the potential benefits of the IRA or IIJA to LES.

One Big Beautiful Bill Act

On July 4, 2025, the *One Big Beautiful Bill Act* (“OBBB Act”) was enacted into law. The OBBB Act modifies numerous federal tax and spending provisions, including the consolidation and revision of certain clean energy tax credits, adjustments to business interest deduction limitations, and changes to incentives established under the IRA. The OBBB Act also rescinds grant funds for certain environmental, climate justice, greenhouse gas reduction, and low-carbon infrastructure projects or programs. LES continues to monitor the OBBB Act and related guidance issued by the U.S. Department of Treasury and the Internal Revenue Service to evaluate potential implications on operations, utility investment planning, and financing structures for generation and transmission assets. LES has also established processes and controls to comply with the payroll and business reporting requirements mandated by the OBBB Act.

Tariffs and Trade Restrictions

There is currently significant uncertainty about the future relationship between the United States and various other countries with respect to trade policies and tariffs. Tariffs or trade restrictions that may be implemented by the United States or retaliatory trade measures or tariffs implemented by other countries

could result in reduced economic activity, increased costs in operating LES's business, reduced demand and changes in purchasing behaviors for its customers. In the ordinary course of business, LES procures some materials and equipment globally. While tariffs and other retaliatory trade measures imposed by other countries on the United States have not yet had a significant impact on LES's business, LES cannot predict future developments or the associated impacts on operations.

Business Disruption Risk

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or certain other circumstances, could potentially disrupt LES's ability to conduct its business. A prolonged disruption in LES's operations could have an adverse effect on its financial condition and results of operations. No assurances can be given that LES's efforts to mitigate the effects of an emergency or other event will be successful in preventing disruptions to their operations in the event of an emergency.

Large Load Additions

Electric utilities nationwide are experiencing increasingly-frequent inquiries from developers, owners and operators of data centers, cryptocurrency mining facilities, and similar entities seeking service for significant new loads. While such projects can provide economic development opportunities, they also present material risks that could affect utility rates and financial stability, particularly where the proposed loads would substantially expand or even eclipse total existing electric utility system requirements. Large load additions may require substantial system upgrades, including transmission and distribution improvements, which can result in significant capital expenditures. If these customers were to curtail or cease operations prematurely, the utility may face stranded costs associated with infrastructure investments made to serve the load. In addition, failure of a large load customer to pay as and when required for electrical service received could result in substantial financial burdens to the host utility and its other customers. Utilities typically mitigate these risks through measures such as requiring upfront deposits, financial guarantees, and agreements that allocate generation resource acquisition and infrastructure improvement costs to requesting large load customers. Nevertheless, the timing, scale, and uncertainty of these potential additions could affect planning, rates, and overall utility financial performance.

See "LINCOLN ELECTRIC SYSTEM – Data Center Customer" for information on a large load customer served by LES.

North American Electric Reliability Corporation (NERC) Compliance

The MRO serves as the RE under EPCRA 2005 with authority from the ERO to serve as the entity responsible for ensuring the reliability and security of the bulk electric system in the Midwest portion of North America.

In June 2007, mandatory enforcement of the NERC Operations and Planning ("O&P") standards began. The requirements within the O&P standards cover a wide range of generation and transmission operational matters including, but not limited to, system restoration, communications, emergency operations, vegetation management, facility ratings, outage coordination, system protection, training, modeling and transmission planning. On July 1, 2016, mandatory enforcement of the full suite of the NERC Critical Infrastructure Protection ("CIP") standards began for LES. The requirements within the CIP standards focus on identifying and protecting the infrastructure critical to the operation of the bulk electric generation and transmission system. Protections within the CIP standards include both physical and cyber protections. The requirements within the CIP standards include, but are not limited to, security awareness and training, access control, personnel risk assessments, security patching, asset disaster recovery, system

hardening, vulnerability assessments, information protection, supply chain risk management, and physical security risk assessments. Six new or revised O&P standards became enforceable in 2025 and an additional two new or revised O&P standards and two new or revised CIP standards will become enforceable in 2026.

On-site audits of the NERC Reliability Standards occur every three years. Typically, these audits are led by RE staff (the MRO for LES). LES' last audit was completed in May 2023. This audit involved two teams of MRO auditors, one team of three focused on the O&P Standards and one team of four focused on the CIP Standards. Within the audit, 13 requirements were reviewed within ten of the NERC Reliability Standards. In response to the initial data requests, LES provided 365 electronic files and 7,330 data points. Through the course of the audit LES provided an additional 143 electronic files and 20 subject matter experts within the organization participated in scheduled auditor-led interviews. The results of the audit were a finding of zero Potential Non-Compliances and the identification of one Area of Concern. The Area of Concern was related to a 0.1% ratings discrepancy associated with a planning model; this concern was addressed at the conclusion of the audit. In preparation for the 2023 audits, LES performed its annual internal review of all enforceable NERC reliability standards. This review included three independent compliance reviews performed by the subject matter experts, applicable management and the LES compliance department. LES' next on-site audit will occur between January 2026 and July 2026. In preparation for the 2026 audits, LES will once again perform its annual internal review of all enforceable NERC reliability standards.

In addition to the triennial on-site compliance audits, LES also has internal monitoring and self-reporting obligations in addition to the obligation to respond to its regulator's self-certification requests.

LITIGATION

No litigation is pending concerning the validity of the 2026 Bonds or the Ordinance. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City's ability to make payments on the 2026 Bonds.

CONTINUING DISCLOSURE

LES, on behalf of the City, has covenanted for the benefit of the holders and beneficial owners of the 2026 Bonds to provide certain financial information and operating data relating to LES by not later than May 31 of each year (the "Annual Report"), commencing with the report for the 2026 Fiscal Year, and to provide notices of the occurrence of certain enumerated events ("Reportable Events"). The Annual Report and notices of Reportable Events will be filed with the Municipal Securities Rulemaking Board ("MSRB"). The specific nature of the information to be contained in the Annual Report or the notices of material events may be found in "APPENDIX D: FORM OF CONTINUING DISCLOSURE UNDERTAKING." These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

To the best of LES' knowledge, within the last five years LES has not failed in any material respect to comply with any prior continuing disclosure undertaking of LES.

All Annual Reports and notices of Reportable Events required to be filed by LES pursuant to the Continuing Disclosure Undertaking must be submitted to the MSRB through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, reportable event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org.

MUNICIPAL ADVISOR

LES has retained PFM Financial Advisors LLC, as Municipal Advisor in connection with various matters relating to the delivery of the 2026 Bonds. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in underwriting or distribution of securities.

UNDERWRITING

The 2026 Bonds are being purchased by the underwriters named on the cover of this Official Statement (the “Underwriters”), for whom BofA Securities, Inc. is acting as senior manager and representative pursuant to the Bond Purchase Agreement. The Underwriters have agreed, subject to certain conditions, to purchase the 2026 Bonds from LES at a price of \$_____, which is the principal amount of 2026 Bonds (\$_____), plus original issue premium of \$_____ less an underwriters’ discount of \$_____ (which includes reimbursement of certain expenses) for their services in underwriting the 2026 Bonds. The 2026 Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include sale and trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking services for LES, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City or LES and/or persons and entities with relationships with the City or LES. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., an underwriter of the 2026 Bonds, is serving as Dealer Manager (the “Dealer Manager”) for the Tender Offer. For its services as Dealer Manager, the Dealer Manager will be compensated.

BofA Securities, Inc. has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2026 Bonds.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Certain of the Underwriters or affiliates thereof may hold certain of the Refunded Bonds or Tendered Bonds and as a result may receive a portion of the proceeds of this offering in connection with the redemption of such Refunded Bonds.

The Underwriters are not acting as financial advisor to the City or LES in connection with the offer and sale of the 2026 Bonds.

RATINGS

S&P Global Ratings (“S&P”), has assigned the 2026 Bonds the rating of “AA” and Fitch Ratings, Inc. (“Fitch”) has assigned the 2026 Bonds the rating of “AA”. Such ratings reflect only the views of such organizations, and an explanation of the significance of such ratings may be obtained from S&P, 55 Water Street, New York, New York 10041, telephone (212) 438-2124; and Fitch, 33 Whitehall Street, New York, New York 10004, telephone (212) 908-0500. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. The above ratings are not a recommendation to buy, sell or hold the 2026 Bonds. LES has furnished to each rating agency rating the 2026 Bonds information, including information not included in this Official Statement, about the City, LES and the 2026 Bonds.

There is no assurance that the above ratings will remain for any given period of time or that they may not be raised, lowered, suspended or withdrawn entirely by any or all rating services if they deem circumstances are appropriate. Those circumstances may include, among other things, changes in or unavailability of information relating to the City, LES and the 2026 Bonds. Any downward change in, suspension or withdrawal of any or all ratings may have an adverse effect on the market price of the 2026 Bonds.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2026 Bonds (including any original issue discount properly allocable to the owner of a 2026 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by LES with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986 (“Code”) that must be met subsequent to the issuance of the 2026 Bonds. Failure to comply with such requirements could cause interest on the 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2026 Bonds. LES has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2026 Bonds. Interest on the 2026 Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the 2026 Bonds may otherwise affect the federal income tax liability of the owners of the 2026 Bonds. The extent of these other tax consequences will depend upon

such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the 2026 Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of American, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2026 Bonds.

Original Issue Discount. The 2026 Bonds, if any, that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The 2026 Bonds, if any, that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium

Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of any Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. An owner of a 2026 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid on the 2026 Bond if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to properly report interest, dividends or other "reportable payments" (as defined in the Code), or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Exemption Under State Tax Law. In Bond Counsel's further opinion, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2026 Bonds is exempt from all present State of Nebraska income taxes.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the 2026 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2026 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2026 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2026 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2026 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE 2026 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE 2026 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE 2026 BONDS.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization and issuance of the 2026 Bonds are subject to the approval of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel, whose approving opinion in connection with the issuance of the 2026 Bonds in substantially the form attached hereto as "APPENDIX F: FORM OF OPINION OF BOND COUNSEL" will be delivered to the City. Certain legal matters with respect to

the City will be passed upon by the Lincoln City Attorney, certain matters with respect to LES will be passed upon by its General Counsel and certain matters with respect to the Underwriters will be passed upon by Nixon Peabody LLP, New York, New York, Counsel to the Underwriters. Bond Counsel has not reviewed this Official Statement except for (a) the cover page hereof (other than yields or prices), (b) the portions hereof describing the 2026 Bonds and the Ordinance, (c) the sections entitled “DESCRIPTION OF THE 2026 BONDS,” “SECURITY FOR THE 2026 BONDS,” “CONTINUING DISCLOSURE” and “TAX MATTERS” and (d) “APPENDIX C: SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE,” “APPENDIX D: FORM OF CONTINUING DISCLOSURE UNDERTAKING” and “APPENDIX F: FORM OF OPINION OF BOND COUNSEL,” and, except for such portions, Bond Counsel has not participated in the preparation of this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS*

Upon delivery of the 2026 Bonds, _____, a firm of independent certified public accountants, will deliver to the City a report verifying the mathematical accuracy of certain computations relating to (a) the adequacy of the maturing principal amount of the securities held in the Escrow Fund, interest earned thereon and certain uninvested cash to pay the principal and redemption price of, and interest on, the Refunded Bonds (as described under “REFUNDING PLAN”) as such principal and redemption price and interest become due and payable, and (b) the mathematical computations supporting the conclusion that the 2026 Bonds are not “arbitrage bonds” under Section 148 of the Code. Such verification of the accuracy of the computations will be based upon information supplied by the Municipal Advisor and on interpretations of the Code provided by Bond Counsel.

CERTAIN RELATIONSHIPS OF PARTIES

Bank of America acts as a provider of a credit facility as described herein. BofA Securities, Inc., an affiliate of Bank of America, is an underwriter of the 2026 Bonds and is serving as Dealer Manager for the Tender Offer.

JPMorgan acts as a provider of a credit facility as described herein. J.P. Morgan Securities LLC, an affiliate of JPMorgan, is an underwriter of the 2026 Bonds and also acts as a dealer for the LES Commercial Paper Program.

Union Bank and Trust Company acts as a provider of a credit facility as described herein. Union Bank and Trust also acts as Registrar and Paying Agent for the 2026 Bonds under the Ordinance.

INDEPENDENT AUDITORS

The financial statements as of and for the years ended December 31, 2025 included in Appendix B in this Official Statement have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. LES did not request that Forvis Mazars, LLP perform any updating procedures subsequent to the date of its audit report on the December 31, 2025 financial statements, although Forvis Mazars, LLP did consent to inclusion of the audited financial statements in this Official Statement.

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* Preliminary; subject to change.

The issuance of this Official Statement and the signing thereof by LES' Chief Executive Officer has been authorized by the City.

Emeka Y. Anyanwu, Chief Executive Officer of
Lincoln Electric System

APPENDIX A

GENERAL INFORMATION ON THE CITY

The following information in this Appendix A has been prepared by the City for its fiscal year ended August 31, 2025. The information with respect to LES in Appendix A is for its fiscal year ended December 31, 2025 and is as of such date.

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APPENDIX A



LINCOLN

CITY OF LINCOLN, NEBRASKA

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THE CITY OF LINCOLN

General

Lincoln, the capital of Nebraska, is located in southeastern Nebraska near the center of population of the state. The City was originally incorporated in 1869. It is approximately midway between Chicago and Denver. It has an area of 100 square miles, and in its growth and development has annexed five other municipalities so that the City includes most of the urban area of Lancaster County. It enjoys a unique position in Nebraska as the center of the state governmental and educational activities.

Population

The 1980 population of the City was 171,932; the 1990 population was 191,972; the 2000 population was 225,588; and the 2010 population was 258,379, a 14.5 percent increase over the 2000 count. The 2010 count represents 90.5 percent of the population of Lancaster County, the county in which the City is located. The estimated 2025 population is 300,619.

City Government

The City, operating under a home rule charter, has a mayor-council form of government with an elected full-time chief executive, the Mayor, and an elected legislative body, the Council, composed of seven members. Three are elected at large and four by district on a nonpartisan basis for a term of four years. The administration of City government is performed under the direction of the Mayor by administrative departments.

City government has a broad range of responsibilities, including electric, water, and sanitary sewer systems, and an impressive park and playground system of over 7,500 acres maintained for public use, nine public swimming pools, and five public golf courses. The City has cooperated actively with the county government in several joint governmental buildings, and in other specific areas of responsibility, including health, planning, civil defense, data processing, tax collection, parks, and jail facilities. There are cooperative agreements with the United States government on parks and flood control, with the University of Nebraska on planning and property transfer, with the area Watershed District on flood control, and with the Lincoln School District on recreation.

Transportation

The Lincoln metropolitan area is served by Interstate 80, and U.S. Highways 2, 6, 34, and 77.

Lincoln is served by two commercial airports with daily shuttle service available between locations. The Lincoln Municipal Airport is located less than 4 miles from downtown and has daily departures to Chicago and Denver. Eppley Airfield, located in east Omaha, is 50 miles from downtown Lincoln and offers service from numerous airlines. Together the two airports offer more than 100 arrivals and departures daily. The Lincoln Municipal Airport also offers General Aviation services. The General Aviation runway is 8,649 feet long, and the runway is lit dusk to dawn.

Railroad transportation facilities include those of Burlington Northern/Santa Fe and Union Pacific, both maintaining yards in Lincoln. AMTRAK provides daily passenger and package express services. Ground transportation is furnished by Greyhound/Black Hills Stage Lines, multiple taxi companies, ride-sharing and local StarTran bus services.

The mean commute time in Lincoln is 19 minutes and nearly 16 percent of area commuters spend less than 10 minutes on the road.

Government Center

The State Capitol, an architectural achievement located in Lincoln, is considered one of the most impressive in all the 50 states. Other state governmental facilities in the City include the Nebraska Educational Telecommunications facility, the Nebraska Game and Parks Commission headquarters, the Lincoln Regional Center (state hospital), and the Nebraska Penal Complex.

Federal agencies in Lincoln include regional offices of the U.S. Department of Agriculture, the Immigration & Naturalization Service and the Veterans Benefits Administration, as well as the state offices of other federal agencies. There is also a U.S. Veterans Medical Facility.

Lancaster County offices are also located in Lincoln, the county seat.

Education

The University of Nebraska-Lincoln, with approximately 23,952 students, Nebraska Wesleyan University, with approximately 1,650 students, Union College, with approximately 748 students, Bryan College of Health Sciences with approximately 746 students, and Southeast Community College, with approximately 10,500 students and a number of facilities for both full-time and part-time occupational training, are located in the City of Lincoln. The City's modern and progressive school system, with an enrollment of over 41,900 is served by 8 high schools, 12 middle schools, and 41 elementary schools. Lincoln is home to several private and parochial schools. Lincoln's private school offerings range from pre-K to high school institutions. Affiliations include Roman Catholic, Lutheran, Seven-Day Adventist, and nondenominational Christians.

Building Permits and Property Values

**PROPERTY VALUE AND CONSTRUCTION
LAST TEN YEARS**

FISCAL YEAR	COMMERCIAL ¹ CONSTRUCTION		RESIDENTIAL ¹ CONSTRUCTION		PROPERTY VALUE ²		TOTALS
	# PERMITS	VALUE	# PERMITS	VALUE	COMMERCIAL	RESIDENTIAL	
2025	690	\$ 1,015,522,230	2,770	\$ 386,661,620	\$ 10,195,510,442	\$ 23,967,989,200	\$ 34,163,499,642
2024	742	636,244,378	2,686	316,842,246	9,842,910,177	23,111,575,367	32,954,485,544
2023	765	590,716,690	2,270	190,138,477	8,218,611,787	18,522,976,666	26,741,588,453
2022	1,053	970,120,929	2,926	243,406,740	8,028,196,147	18,524,321,766	26,552,517,913
2021	1,153	539,318,764	2,621	510,465,764	6,775,086,845	16,151,804,023	22,926,890,868
2020	852	278,467,784	2,128	404,061,832	6,349,850,359	15,805,225,977	22,155,076,336
2019	986	585,746,852	2,380	292,365,215	6,278,422,408	14,354,319,521	20,632,741,929
2018	1,036	308,714,552	3,014	352,657,602	5,582,574,159	13,997,042,582	19,579,616,741
2017	1,007	441,939,943	3,036	280,532,269	5,443,342,291	12,573,902,552	18,017,244,843
2016	1,038	285,396,259	2,891	248,194,698	5,264,621,434	12,353,764,148	17,618,385,582

¹ City of Lincoln, Building and Safety Department.

² Lancaster County Assessor.

Police and Fire Protection

Lincoln has sixteen fire stations manned by 324 firefighters and four police stations with 351 police officers.

City Employee Information

The City of Lincoln negotiates with six labor unions: the Lincoln Police Union (LPU) representing police officers; the International Association of Firefighters (IAFF) representing firefighters, the Amalgamated Transit Union (ATU) representing transit workers, the Public Association of Government Employees (PAGE) representing labor, trades, and clerical personnel, the Lincoln City Employees Association (LCEA) representing supervisory, highly technical, and professional personnel, and the Lincoln M Class Employees Association (LMCEA) representing upper management, administration and professional personnel. For the 2025-2026 fiscal year, contracts have been signed with all our unions. IAFF, PAGE and LCEA contracts will expire at the end of August 2026. The LMCEA and ATU contracts will expire at the end of August 2027. The LPU contract will expire at the end of August 2028.

Since the inception of labor contracts in 1970, the City of Lincoln has been able to handle its labor relations in such a manner as to avoid interruptions, although it has been necessary to use the facilities of the Nebraska Commission of Industrial Relations on issues involving the International Association of Firefighters, International Brotherhood of Police Officers, and the Public Association of Government Employees.

SELECTED ECONOMIC INDICATORS

LINCOLN (LANCASTER COUNTY) NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT

	MAY 31, 2024		NOVEMBER 30, 2025	
	Number Employed	Percent of Total	Number Employed	Percent of Total
Industry Manufacturing:				
Durable Goods	9,115	4.5	8,768	4.4
Nondurable Goods	5,439	2.7	5,443	2.7
Total Industry Manufacturing	14,554	7.2	14,211	7.1
Nonmanufacturing:				
Natural Resource & Construction	11,443	5.7	11,391	5.7
Transportation, Warehousing & Utilities	10,055	5.0	10,114	5.1
Wholesale Trade	4,237	2.1	4,150	2.1
Retail Trade	17,875	8.9	18,309	9.2
Information	3,921	1.9	3,848	1.9
Finance, Insurance & Real Estate	10,458	5.2	10,376	5.2
Services (except domestic)	84,342	42.0	83,158	41.4
Government	44,354	22.0	44,624	22.3
Total Nonmanufacturing	186,685	92.8	185,970	92.9
TOTAL	201,239	100.0	200,181	100.0

Lincoln is proud to have some of the nation's leading industrial companies as local employers, including Tank Holding Corp. (AKA Snyder Industry), Lincoln Industries, Continental ContiTech, BNSF Railway, Archer-Daniels-Midlands Company, Kawasaki Motors Corporation USA, and Schneider Electric.

As of December 2025, the unemployment rate in Lincoln was 2.8%, among the lowest unemployment rates in the United States.

LINCOLN LABOR FORCE DATA 2025-2016 (For the Calendar Year Indicated)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Civilian Labor Force	201,236	193,946	189,774	189,969	188,166	188,745	186,998	184,089	178,854	177,616
Unemployment	5,639	4,610	3,900	4,066	3,023	5,451	4,385	4,574	4,661	4,920
Percent of Labor Force	2.8	2.4	2.1	2.1	1.6	2.9	2.3	2.5	2.6	2.8
Employment ¹	195,597	189,336	185,874	185,903	185,143	183,294	182,613	179,515	174,193	172,696

STATE OF NEBRASKA

Percent of Labor Force										
Unemployment ¹	3.0	2.6	2.5	2.6	1.8	2.8	2.7	2.8	2.9	3.1

Source: State of Nebraska, Department of Labor

¹ 2025 Preliminary

**LINCOLN PRINCIPAL EMPLOYERS
CURRENT YEAR**

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
State of Nebraska	5000-7500	1	3.96 %
Lincoln Public Schools	5000-7500	2	3.96
University of Nebraska-Lincoln	5000-7500	3	3.96
Bryan Health	2500-4999	5	2.64
Nelnet Diversified Services	2500-4999	4	2.64
US Government	2500-4999	6	2.64
B&R Stores	2500-4999	7	1.32
City of Lincoln	2500-4999	8	2.64
Kawasaki Motors Mfg Corp.	1000-2499	9	2.64
Saint Elizabeth Regional Medical Center	1000-2499	10	1.32
Total			<u><u>27.72 %</u></u>

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Population¹</u>	<u>Per Capita Personal Income²</u>	<u>School Enrollment³</u>
2025	300,619	\$	41,940
2024	294,757	68,273	42,282
2023	292,627	60,030	41,850
2022	292,657	60,299	41,784
2021	291,082	56,887	41,747
2020	289,102	53,057	41,674
2019	287,401	50,833	42,258
2018	284,736	49,886	42,020
2017	280,364	46,924	41,737
2016	277,348	45,511	40,109

Sources:

¹ U.S. Bureau of the Census, population estimates.

² U.S. Dept. of Commerce Bureau of Economic Analysis.

Per Capita Income is based on Lincoln Metropolitan Statistical Area, which includes all of Lancaster and Seward Counties. Per Capita Income for 2025 is unavailable.

³ Lincoln Public Schools.

Median age for the city is 34. Education statistics per Census estimates indicate that 93.2% of the population 25 years and older has a high school degree or greater with 41.8% of the same population holding a Bachelor's degree or greater.

**LINCOLN UTILITY CUSTOMERS
LAST TEN YEARS**

<u>Year</u>	<u>Water Customers</u>	<u>Gas Customers</u>	<u>Electricity Customers</u>
2025	93,362	101,342	152,832
2024	90,963	102,835	150,329
2023	89,735	101,563	151,924
2022	89,514	101,101	147,843
2021	87,578	100,525	143,797
2020	86,736	100,288	141,658
2019	85,460	99,421	140,034
2018	84,636	99,259	138,489
2017	83,797	98,600	136,641
2016	82,853	97,639	134,417

Source: Indicated Utility Companies



SELECTED FINANCIAL STATISTICS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION ¹ LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Streets And Highways	Culture And Recreation	Economic Opportunity	Health And Welfare	Equipment Maintenance	Mass Transit	Debt Service	Totals
2025 \$	84,307,233	125,535,847	33,465,060	36,660,192	18,117,308	47,126,254	62,630	24,768,001	47,926,459	417,968,984
2024	85,971,825	119,261,106	33,671,035	33,441,438	16,886,318	41,316,191	-	24,209,236	47,039,894	401,797,043
2023	74,806,616	109,937,772	31,183,919	31,644,070	20,373,747	38,592,638	-	27,660,245	46,566,516	380,765,523
2022	72,993,154	98,553,703	27,858,002	29,534,303	44,658,620	34,516,518	-	18,296,044	42,271,518	368,681,862
2021	66,768,481	97,809,248	31,183,868	28,168,478	15,390,008	34,349,001	-	22,913,739	38,429,649	335,012,472
2020	66,488,738	89,394,116	28,058,815	25,807,794	3,085,972	32,757,648	-	20,340,337	53,259,012	319,192,432
2019	61,932,785	88,641,405	28,872,044	33,703,112	13,771,289	22,527,910	-	18,867,231	44,573,054	312,888,830
2018	59,728,570	86,243,206	21,746,886	27,301,223	14,563,832	21,863,274	-	18,315,179	44,688,559	294,450,729
2017	58,560,593	81,171,971	20,634,650	26,730,859	13,034,266	23,116,621	-	13,439,363	45,301,015	281,989,338
2016	54,483,582	77,399,174	20,896,834	25,310,935	14,012,940	22,605,745	-	12,380,084	43,165,211	270,254,505

¹ Includes General, Special Revenue, and Debt Service Funds. Equipment Maintenance became a separate function of government in 2025.

GENERAL GOVERNMENTAL REVENUES BY SOURCE ¹ LAST TEN FISCAL YEARS

Fiscal Year	Taxes And Special Assessment	Inter-Governmental	Permits And Fees	Reimbursement For Services	Investment Earnings	Other	Totals
2025 \$	303,031,720	114,004,201	29,126,513	22,156,614	27,455,268	16,726,270	512,500,586
2024	287,539,841	107,693,637	28,767,071	21,187,391	35,466,116	15,821,275	496,475,331
2023	275,908,226	115,253,784	28,422,288	20,875,392	30,190,731	17,521,330	488,171,751
2022	263,918,446	124,200,688	28,559,289	20,001,124	(13,986,102)	16,700,904	439,394,349
2021	239,609,916	111,296,869	28,245,058	15,358,830	15,526,322	13,361,575	423,398,570
2020	232,387,576	72,330,346	24,371,734	17,329,391	7,821,284	11,175,430	365,415,761
2019	215,533,782	70,773,739	26,301,490	18,074,725	8,009,926	11,230,362	349,924,024
2018	220,143,985	72,965,698	25,157,171	18,348,789	5,859,234	12,953,023	355,427,900
2017	213,096,181	74,133,945	25,823,013	17,102,484	6,868,335	14,794,365	351,818,323
2016	202,860,560	64,711,049	25,704,855	16,807,455	6,249,869	10,542,628	326,876,416

¹ Includes General, Special Revenue, and Debt Service Funds.

**SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS ¹**

Fiscal Year Ended <u>August 31</u>	Special Assessment Collections <u>Including Interest</u>
2025	\$ 1,777,201
2024	1,436,505
2023	1,392,786
2022	1,745,504
2021	1,600,711
2020	1,422,630
2019	1,622,878
2018	1,600,742
2017	1,694,846
2016	1,585,717

¹ Special assessment collections are not tracked by levy year, therefore the portion of collections during any year that apply to any levy cannot be determined.

Authority to Levy Taxes

Article IX, Section 3 of the Home Rule Charter of the City provides that the City shall have power to levy a tax each year for general revenue purposes upon all property subject to taxation; provided that the maximum amount of taxes that can be levied by the City in any one year for general revenue purposes shall not exceed an amount known as the City tax limit. The City tax limit is a tax ceiling established by using the September 1, 1966, City dollar tax limit as an initial tax limit, and increasing that tax limit each year following 1966 by 7% so that in each fiscal year thereafter, the amount of the City tax limit shall be the amount of the city tax limit for the previous year, plus 7% thereof. In addition, the City also has the power to levy taxes each year sufficient to pay any judgment existing against the City and the interest on bonded debt and the principal on any bonded debt maturing during the fiscal year or within six months thereafter, as well as taxes authorized by state law. The City is also authorized to receive all taxes collected and distributed pursuant to state law and in lieu of tax payments imposed by law. The 2025 tax levy for the 2025-2026 fiscal year is \$255,439,777 below the legal limit, a tax rate per \$100 valuation of .29732. The assessed value upon which the 2025 levy is based is \$38,482,346,192. By charter, only 90% of the property tax levy may be appropriated.

For the 2025-2026 fiscal year the City had authority to levy taxes for an increase of 2.0% of the prior year base and Growth Value of the Total Property Valuation of 1.9%. The City utilized \$2,704,978 of Prior Year's Unused Property Tax Authority for the 2025-2026 Budget. The City used \$114,414,799 of the total Property Tax Authority of \$114,841,538 for the 2025-2026 budget, which was \$426,739 below the Property Tax Authority allowed.

**PROPERTY TAX LEVIED AND COLLECTED
LAST TEN YEARS**

The fiscal year of the City begins September 1 and ends August 31. Taxes are levied in October. First installments of real estate taxes are delinquent the following April 1, second installments delinquent August 1; personal property taxes are delinquent April 1 and August 1. Delinquent taxes bear 14 percent interest. The figures below include interest and penalties. The figures below do not include motor vehicle in lieu of ad valorem taxes.

Fiscal Year Ended August 31	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Accumulated Collections As Of August 31, 2025	
		Amount	Percent	Amount	Percent
2025	\$ 104,489,604	\$ 100,650,861	96.33 %	\$ 101,454,883	97.10 %
2024	100,027,752	97,910,819	97.88	100,027,752	100.00
2023	87,112,815	85,374,290	98.00	87,112,815	100.00
2022	85,059,983	83,361,780	98.00	85,059,983	100.00
2021	76,786,221	75,159,229	97.88	76,786,221	100.00
2020	74,339,497	72,577,018	97.63	74,339,497	100.00
2019	68,390,503	66,842,290	97.74	68,390,503	100.00
2018	64,824,600	63,903,976	98.58	64,827,042	100.00
2017	62,977,211	61,735,542	98.03	62,979,904	100.00
2016	58,944,563	57,685,951	97.86	58,923,300	99.96

TEN LARGEST TAXPAYERS

Listed below are the ten largest taxpayers in the City of Lincoln as reported by the County Assessor. These taxpayers each pay less than five percent of the total taxes levied.

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2025 Assessed Valuations</u>	<u>Percentage Of Total Assessed Valuation</u>
BNSF Railway Company	Railroad	\$ 255,493,405	0.75
B & J Partnership Ltd.	Building Management	226,642,600	0.66
Allo Communications LLC	Communication	222,382,205	0.65
Nebco Inc	Construction / Development	185,548,708	0.54
Windstream Nebraska Inc	Telecommunications	170,728,477	0.50
Bousek, Mark A	Property Management	101,209,600	0.30
Kawasaki Motors Mfg Corp	Manufacturing	90,834,403	0.27
Black Hills Nebraska Gas, LLC	Energy	87,829,336	0.26
Zoetis Inc	Manufacturing / Development	79,348,788	0.23
HPI Lincoln LLC	Property Management	77,119,195	0.23
		<u>\$ 1,497,136,717</u>	<u>4.39</u>

CITY SALES TAX INFORMATION

The City had a one percent (1%) sales and use tax through June 30, 1985. Effective July 1, 1985, the sales and use tax was raised to one- and one-half percent (1.5%). These taxes are administered and collected for the City by the State of Nebraska. The State receives three percent (3.0%) for their service. The City has had a sales tax since 1969.

**SALES AND USE TAX COLLECTIONS
LAST TEN YEARS**

Year Ended August 31	Amount
2025	\$ 109,336,318
2024	101,915,837
2023	104,821,993
2022	99,344,559
2021	88,723,756
2020	80,343,337
2019	78,563,436
2018	76,812,830
2017	75,259,945
2016	71,621,717

**GENERAL FUND TAX COLLECTIONS
LAST TEN YEARS**

Fiscal Year	Property and Motor Vehicle Taxes	Sales and Use Taxes	Sundry Taxes	Taxes In Lieu	Occupation Taxes	Total
2025	\$ 84,886,931	\$ 109,336,318	\$ 11,434	\$ 2,490,248	\$ 4,550,257	\$ 201,275,188
2024	83,446,387	101,915,837	37,873	2,444,109	5,616,820	193,461,026
2023	71,072,131	104,821,993	29,612	2,200,001	5,904,220	184,027,957
2022	67,159,453	99,344,559	23,262	2,203,419	6,055,887	174,786,580
2021	61,923,848	88,723,756	26,441	2,197,903	6,204,868	159,076,816
2020	55,648,747	80,343,337	30,791	2,248,961	8,128,463	146,400,299
2019	50,054,765	78,563,436	40,315	2,300,935	8,420,903	139,380,353
2018	46,009,808	76,812,830	31,436	2,208,834	8,758,996	133,821,904
2017	42,669,103	75,259,945	33,512	2,260,572	9,494,397	129,717,529
2016	40,564,330	71,621,717	26,396	2,119,674	9,617,902	123,950,019

**TAXABLE ASSESSED VALUATION
LAST TEN YEARS ¹**

Fiscal Year Ended August 31.	Real Estate	All Other	Total
2025	\$ 34,163,499,642	\$ 1,310,308,232	\$ 35,473,807,874
2024	32,954,485,544	1,196,303,919	34,150,789,463
2023	26,741,588,453	1,132,507,561	27,874,096,014
2022	26,552,517,913	1,308,063,315	27,860,581,228
2021	22,926,890,868	1,072,840,928	23,999,731,796
2020	22,155,576,336	1,111,587,131	23,267,163,467
2019	20,632,741,929	1,037,615,147	21,670,357,076
2018	19,579,616,741	937,318,112	20,516,934,853
2017	18,017,244,843	853,580,721	18,870,825,564
2016	17,618,385,582	838,933,170	18,457,318,752

Property is assessed at actual value; therefore, the assessed values are equal to actual value.

**TOTAL PROPERTY TAX LEVIES
ALL OVERLAPPING GOVERNMENTS
LAST TEN YEARS ¹**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City of Lincoln	0.2973	0.2953	0.2953	0.3129	0.3198	0.3165	0.3165	0.3337	0.3196	0.3196
School District No. 1	1.0212	1.1091	1.0700	1.2072	1.2222	1.2241	1.2389	1.2397	1.2429	1.2434
Lancaster County	0.2145	0.2223	0.2224	0.2608	0.2816	0.2666	0.2666	0.2753	0.2783	0.2813
Lincoln Airport Authority	0.0293	0.0298	0.0168	0.0171	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Educational Service Unit #18	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150
Community Technical College	0.0200	0.0200	0.0937	0.0937	0.0937	0.0907	0.0907	0.0752	0.0757	0.0598
Lower Platte South Natural Res. Dist.	0.0230	0.0225	0.0225	0.0260	0.0309	0.0312	0.0321	0.0335	0.0345	0.0358
Lancaster County Correctional JPA City	0.0063	0.0069	0.0066	0.0074	0.0093	0.0110	0.0141	0.0153	0.0156	0.0168
Lancaster County Correctional JPA County	0.0042	0.0047	0.0048	0.0059	0.0070	0.0075	0.0079	0.0085	0.0088	0.0094
Railroad Transportation Safety Dist.	0.0153	0.0195	0.0222	0.0222	0.0147	0.0222	0.0222	0.0190	0.0160	0.0130
Agricultural Society of Lancaster County	0.0038	0.0041	0.0012	0.0013	0.0014	0.0014	0.0014	0.0015	0.0015	0.0015
Lancaster County Fairgrounds	0.0015	0.0016	0.0017	0.0020	0.0025	0.0028	0.0028	0.0030	0.0031	0.0033
Public Building Commission	0.0149	0.0155	0.0151	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170
	1.6663	1.7663	1.7873	1.9885	2.0151	2.0060	2.0252	2.0367	2.0280	2.0159

¹The assessment rate is 100% of market and the levy is expressed as the tax per \$100 of estimated market value.

DEBT MANAGEMENT OUTSTANDING INDEBTEDNESS AS OF AUGUST 31, 2025

Long-term debt is comprised of the following individual issues (in thousands of dollars)

Fiscal Year Ended August 31	Governmental Activities					
	General Obligation Bonds		Note from Direct Borrowing		COPs	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 22,826	16,667	275	36	4,910	679
2027	19,274	15,584	252	25	3,563	481
2028	17,522	14,751	149	20	2,720	354
2029	18,095	14,049	152	17	1,813	257
2030	18,663	13,340	155	14	1,435	189
2031-2035	97,026	55,300	567	23	3,629	341
2036-2040	95,385	35,477	-	-	1,025	58
2041-2045	85,794	13,622	-	-	120	3
2046-2050	11,710	344	-	-	-	-
2051-2055	-	-	-	-	-	-
2056-2060	-	-	-	-	-	-
Total	\$ 386,295	179,134	1,550	135	19,215	2,362

Fiscal Year Ended August 31	Business-Type Activities					
	Revenue Bonds		Loans/Note from Direct Borrowing		COPs	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 46,675	22,004	2,265	390	125	41
2027	48,915	20,686	2,319	300	135	35
2028	50,520	18,511	2,223	300	140	28
2029	49,895	16,536	2,270	253	145	21
2030	8,635	2,799	2,317	205	155	14
2031-2035	250,695	54,329	7,762	349	160	6
2036-2040	110,150	18,397	191	-	-	-
2041-2045	43,545	4,379	191	-	-	-
2046-2050	4,685	301	191	-	-	-
2051-2055	-	-	191	-	-	-
2056-2060	-	-	74	-	-	-
Total	\$ 613,715	157,942	19,994	1,797	860	145

Fiscal Year Ended August 31	Major Enterprise Funds					
	Wastewater System		Water System		Electric System	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 7,757	3,233	1,381	446	35,740	17,730
2027	8,044	2,935	1,439	396	37,580	16,807
2028	7,793	2,612	1,534	346	39,325	15,063
2029	5,457	2,355	1,592	293	40,915	13,458
2030	5,426	2,190	1,650	238	42,640	11,735
2031-2035	18,033	8,508	7,191	455	224,350	36,173
2036-2040	14,550	5,560	191	-	59,000	9,417
2041-2045	15,875	2,708	191	-	14,105	564
2046-2050	4,685	301	191	-	-	-
2051-2055	-	-	191	-	-	-
2056-2060	-	-	74	-	-	-
Total	\$ 87,620	30,402	15,625	2,174	493,655	120,947

The annual requirements to pay principal and interest on all outstanding debt are as follows (in thousands of dollars):

Fiscal Year Ended August 31	Governmental Activities					
	General Obligation Bonds		Note from Direct Borrowing		COPs	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 22,826	16,667	275	36	4,910	679
2027	19,274	15,584	252	25	3,563	481
2028	17,522	14,751	149	20	2,720	354
2029	18,095	14,049	152	17	1,813	257
2030	18,663	13,340	155	14	1,435	189
2031-2035	97,026	55,300	567	23	3,629	341
2036-2040	95,385	35,477	-	-	1,025	58
2041-2045	85,794	13,622	-	-	120	3
2046-2050	11,710	344	-	-	-	-
2051-2055	-	-	-	-	-	-
2056-2060	-	-	-	-	-	-
Total	\$ 386,295	179,134	1,550	135	19,215	2,362

Fiscal Year Ended August 31	Business-Type Activities					
	Revenue Bonds		Loans/Note from Direct Borrowing		COPs	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 46,675	22,004	2,265	390	125	41
2027	48,915	20,686	2,319	300	135	35
2028	50,520	18,511	2,223	300	140	28
2029	49,895	16,536	2,270	253	145	21
2030	8,635	2,799	2,317	205	155	14
2031-2035	250,695	54,329	7,762	349	160	6
2036-2040	110,150	18,397	191	-	-	-
2041-2045	43,545	4,379	191	-	-	-
2046-2050	4,685	301	191	-	-	-
2051-2055	-	-	191	-	-	-
2056-2060	-	-	74	-	-	-
Total	\$ 613,715	157,942	19,994	1,797	860	145

Fiscal Year Ended August 31	Major Enterprise Funds					
	Wastewater System		Water System		Electric System	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 7,757	3,233	1,381	446	35,740	17,730
2027	8,044	2,935	1,439	396	37,580	16,807
2028	7,793	2,612	1,534	346	39,325	15,063
2029	5,457	2,355	1,592	293	40,915	13,458
2030	5,426	2,190	1,650	238	42,640	11,735
2031-2035	18,033	8,508	7,191	455	224,350	36,173
2036-2040	14,550	5,560	191	-	59,000	9,417
2041-2045	15,875	2,708	191	-	14,105	564
2046-2050	4,685	301	191	-	-	-
2051-2055	-	-	191	-	-	-
2056-2060	-	-	74	-	-	-
Total	\$ 87,620	30,402	15,625	2,174	493,655	120,947

The City issues general obligation, special assessment, and revenue bonds to finance the acquisition and construction of major capital assets. Bonded indebtedness has also been entered into to advance refund several general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Special assessment bonds are repaid from amounts levied against affected property owners, but in the unlikely event collections are not sufficient to make debt payments,

the responsibility rests with the City to meet that obligation. For revenue bonds the government pledges income derived from the acquired or constructed assets to pay the debt service.

Net position of \$5,481,660, \$2,868,582, \$2,202,329 and \$1,339,240 is currently available in the debt service funds to service the Tax Allocation Bonds, General Obligation Bonds, Tax Supported Bonds, and Special Assessment Bonds, respectively. Revenue Bonds are funded partially from reserve accounts set up for debt repayment and partially from proceeds of daily operations.

The City has entered into financed purchase agreements for financing the acquisition of land, buildings, streetlights, entry corridor improvements, sidewalks, dump trucks, street sweepers, motor graders, emergency vehicles and equipment, golf equipment and computer equipment and software. These financed purchase agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Land	\$ 1,780,066	\$ 199,546
Buildings	29,141,504	1,502,602
Improvements	5,070,465	-
Infrastructure	43,523,749	-
Machinery and Equipment	13,492,627	2,531,221
Construction In Progress	-	-
Less Accumulated Depreciation, (where applicable)	(40,783,564)	(2,911,541)
Total	\$ 52,224,847	\$ 1,321,828

Under the City's Home Rule Charter, there is no legal debt limit. The various bond indentures contain significant limitations and restrictions on annual debt service requirements, minimum amounts to be maintained in various bond reserve funds, and minimum revenue bond coverage.

The general obligation debt of all local governmental units which provide services within the City's boundaries and which debt must be borne by properties in the City (commonly called overlapping debt) as of August 31, 2025, is summarized below (unaudited):

<u>Governmental Units</u>	Debt Outstanding	Estimated Percentage Applicable	Direct And Overlapping Debt To The City
Direct:			
City	\$ 423,055,000	100.0 %	\$ 423,055,000
Overlapping:			
School District #1	476,995,000	99.5	474,610,000
Public Building Commission	14,355,000	85.4	12,259,000
Lancaster County Correctional Facility	15,370,000	85.4	13,126,000
Lancaster County Fairgrounds	4,785,000	85.4	4,086,000
	<u>511,505,000</u>		<u>504,081,000</u>
Total	\$ 934,560,000		\$ 927,136,000

The City has no direct liability for the School District, Public Building Commission, Lancaster County Fairgrounds or Lancaster County Correctional Facility debt summarized above. This results in a per capita direct City debt of \$1,407.28; a per capita direct and overlapping debt of \$3,084.09; a ratio of direct City debt to 2025 actual valuation of 1.19 percent; and a ratio of direct and overlapping debt to 2025 actual valuation of 2.61 percent.

In addition to the governmental units listed above, the Airport Authority of the City of Lincoln, Nebraska (the "Airport Authority"), a body politic and corporate separate and distinct from the City of Lincoln, provides services within the City's boundaries and has overlapping general obligation indebtedness. As of June 30, 2025, the Airport Authority had outstanding \$74,055,000 in aggregate principal amount of its general obligation airport bonds. The bonds are secured by a pledge of all revenues and income derived by the Airport Authority directly or indirectly from the ownership, use and operations of the Airport. The Airport Authority is authorized to levy a property tax, at a rate not to exceed three and five-tenths cents (\$.035) on each \$100 of taxable valuation, on all the taxable property in the City. The Airport Authority has a property tax levy rate of \$0.029289 cents per hundred dollars valuation for 2025.

Debt Payment Record

The City of Lincoln has never defaulted on its obligation to pay principal or interest on its indebtedness.

Contingencies

The City is a defendant in a number of lawsuits in its normal course of operations and management is of the opinion that ultimate settlement of such lawsuits will not have a materially adverse effect on the financial statements.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest ¹	Total Debt Service	Total General Governmental ¹ Expenditures	Ratio Of
					Debt Service To Total General Expenditures
2025	\$ 14,167,992	\$ 3,995,497	\$ 18,163,489	\$ 417,968,984	4.35%
2024	12,890,080	3,024,797	15,914,877	401,797,043	3.96%
2023	10,255,697	2,938,167	13,193,864	380,765,523	3.47%
2022	10,211,126	2,972,526	13,183,652	368,681,862	3.58%
2021	9,043,363	2,645,644	11,689,007	335,012,472	3.49%
2020	11,867,214	3,377,738	15,244,952	319,192,432	4.78%
2019	10,315,005	3,358,108	13,673,113	312,888,830	4.37%
2018	10,687,368	3,611,998	14,299,366	294,450,729	4.86%
2017	10,705,534	4,074,708	14,780,242	281,989,338	5.24%
2016	11,709,540	4,472,154	16,181,694	270,254,505	5.99%

¹ Includes: General, Special Revenue, and Debt Service Funds.

² Does not include fiscal and miscellaneous charges.

**SCHEDULE OF GENERAL OBLIGATION DEBT IN RELATION TO POPULATION, ASSESSED VALUATION,
AND REAL PROPERTY VALUATION
LAST TEN FISCAL YEAR**

Fiscal Year	General Obligation		Net General Obligation Bonded Debt	Population ¹	Net G.O. Bonded Debt Per Capita	Assessed Valuation Real And Personal	Ratio of Net Debt To Assessed Valuation Real & Personal ²	Assessed Valuation Of Taxable Real Property ²	Ratio of Net Debt To Estimated Valuation Of Taxable Real Property
	Bonded Debt	Sinking Funds							
2025	\$ 102,655,000	\$ 11,892,000	\$ 90,763,000	300,619	\$ 301.92	\$ 35,473,807,874	0.26%	\$ 34,163,499,642	0.27%
2024	82,672,000	9,357,000	73,315,000	294,757	248.73	\$ 34,150,789,463	0.21%	32,954,485,544	0.22%
2023	92,674,000	7,804,000	84,870,000	292,627	290.03	\$ 27,874,096,014	0.30%	26,741,588,453	0.32%
2022	79,209,000	6,520,000	72,689,000	292,657	248.38	27,860,581,228	0.26%	26,552,517,913	0.27%
2021	89,349,000	7,440,000	81,909,000	291,082	281.39	23,999,731,796	0.34%	22,926,890,868	0.36%
2020	82,296,000	6,680,000	75,616,000	289,102	261.55	23,267,163,467	0.32%	22,155,576,336	0.34%
2019	93,749,000	8,230,000	85,519,000	287,401	297.56	21,670,357,076	0.39%	20,632,741,929	0.41%
2018	93,973,000	9,261,000	84,712,000	284,736	297.51	20,516,934,853	0.41%	19,579,616,741	0.43%
2017	105,391,000	8,221,000	97,170,000	280,364	346.59	18,870,825,564	0.51%	18,017,244,843	0.54%
2016	116,036,000	8,328,000	107,708,000	277,348	388.35	18,457,318,752	0.58%	17,618,385,582	0.61%

¹ Source: U.S. Bureau of the Census, population estimates.

² Assessed valuation is 100% of actual

**REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Principal	Debt Service Requirements		
					Interest	Total	Coverage
Wastewater System							
2025	\$ 48,133,882	21,226,871	26,907,011	7,459,608	3,522,635	10,982,243	2.45
2024	47,318,514	20,141,467	27,177,047	7,173,001	3,800,889	10,973,890	2.48
2023	42,368,731	18,561,072	23,807,659	6,121,951	3,424,271	9,546,222	2.49
2022	39,432,749	18,130,744	21,302,005	5,916,442	2,591,888	8,508,330	2.50
2021	36,556,660	17,269,392	19,287,268	5,736,464	2,901,665	8,638,129	2.23
2020	34,202,886	17,049,907	17,152,979	5,667,004	2,860,124	8,527,128	2.01
2019	33,903,796	15,684,880	18,218,916	4,858,054	2,164,027	7,022,081	2.59
2018	32,381,312	14,863,221	17,518,091	4,599,602	2,361,501	6,961,103	2.52
2017	30,516,105	14,726,200	15,789,905	4,761,635	2,619,980	7,381,615	2.14
2016	29,026,442	14,019,061	15,007,381	4,562,314	2,847,529	7,409,843	2.03
Water System							
2025	\$ 69,609,969	32,427,987	37,181,982	3,619,676	586,850	4,206,526	8.84
2024	67,069,572	28,782,979	38,286,593	3,993,311	735,859	4,729,170	8.10
2023	61,721,651	28,215,819	33,505,832	3,862,307	857,212	4,719,519	7.10
2022	52,317,638	22,479,192	29,838,446	4,701,657	1,012,912	5,714,569	5.22
2021	50,654,404	21,046,449	29,607,955	4,866,353	1,284,289	6,150,642	4.81
2020	44,192,982	19,434,182	24,758,800	4,681,388	1,488,760	6,170,148	4.01
2019	41,761,560	18,186,821	23,574,739	4,636,755	1,763,603	6,400,358	3.68
2018	41,473,196	17,768,444	23,704,752	4,517,445	1,877,042	6,394,487	3.71
2017	38,494,901	17,893,434	20,601,467	4,408,451	2,021,708	6,430,159	3.20
2016	37,985,431	16,969,116	21,016,315	4,344,979	2,123,747	6,468,726	3.25
Parking Facilities							
2025	\$ 15,650,463	8,775,794	6,874,669	3,155,000	897,638	4,052,638	1.70
2024	14,451,088	8,460,889	5,990,199	3,055,000	984,819	4,039,819	1.48
2023	13,747,064	7,510,810	6,236,254	2,975,000	1,078,538	4,053,538	1.54
2022	12,371,262	6,593,739	5,777,523	2,880,000	1,164,936	4,044,936	1.43
2021	8,672,167	4,167,311	4,504,856	2,515,000	1,240,388	3,755,388	1.20
2020	13,401,784	5,042,333	8,359,451	2,315,000	1,433,544	3,748,544	2.23
2019	13,738,594	5,315,077	8,423,517	1,380,000	1,025,065	2,405,065	3.50
2018	12,691,925	5,152,321	7,539,604	1,345,000	1,066,890	2,411,890	3.13
2017	12,674,910	4,905,848	7,769,062	1,320,000	1,095,315	2,415,315	3.22
2016	10,697,157	4,575,662	6,121,495	1,290,000	1,130,215	2,420,215	2.53
Solid Waste Management							
2025	\$ 19,516,013	12,803,003	6,713,010	645,000	189,573	834,573	8.04
2024	18,173,372	11,886,493	6,286,879	620,000	203,867	823,867	7.63
2023	17,537,242	14,139,997	3,397,245	600,000	243,834	843,834	4.03
2022	15,400,420	11,707,107	3,693,313	575,000	269,284	844,284	4.37
2021	15,343,678	11,720,275	3,623,403	850,000	303,284	1,153,284	3.14
2020	14,237,210	10,871,529	3,365,681	830,000	327,084	1,157,084	2.91
2019	12,860,596	9,512,437	3,348,159	810,000	348,896	1,158,896	2.89
2018	12,863,464	9,083,674	3,779,790	810,000	366,796	1,176,796	3.21
2017	12,697,221	9,460,290	3,236,931	795,000	382,096	1,177,096	2.75
2016	12,371,412	7,896,480	4,474,932	775,000	396,521	1,171,521	3.82

CITY OF LINCOLN, NEBRASKA
GENERAL FUND
SUMMARY CASH FLOW STATEMENT - CASH BASIS
FOR LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Cash & Investment Balance - September 1 of Year Indicated	\$ 158,645,560	127,653,430	105,302,663	82,176,145	45,270,259	42,032,717	44,336,245	\$ 40,447,532	38,315,059	36,190,807
Receipts:										
Property Tax	84,886,931	83,446,387	71,072,131	67,159,453	61,923,848	55,648,747	50,054,765	46,009,808	42,669,103	40,564,330
City Sales & Use Tax	109,336,318	101,915,837	104,821,993	99,344,559	88,723,756	80,343,337	78,563,436	76,812,830	75,259,945	71,621,717
Other Income	<u>61,568,159</u>	<u>63,787,462</u>	<u>51,338,511</u>	<u>42,269,505</u>	<u>75,934,678</u>	<u>38,283,948</u>	<u>38,650,878</u>	<u>38,470,133</u>	<u>37,291,708</u>	<u>37,383,280</u>
Total Receipts	255,791,408	249,149,686	227,232,635	208,773,517	226,582,282	174,276,032	167,269,079	161,292,771	155,220,756	149,569,327
Less Disbursements	<u>246,839,382</u>	<u>218,157,556</u>	<u>204,881,868</u>	<u>185,646,999</u>	<u>189,676,396</u>	<u>171,038,490</u>	<u>169,572,607</u>	<u>157,404,058</u>	<u>153,088,283</u>	<u>147,445,075</u>
Cash & Investment Balance - August 31 of Year Indicated	\$ <u>167,597,586</u>	<u>158,645,560</u>	\$ <u>127,653,430</u>	<u>105,302,663</u>	<u>82,176,145</u>	<u>45,270,259</u>	<u>42,032,717</u>	\$ <u>44,336,245</u>	<u>40,447,532</u>	<u>38,315,059</u>

CITY OF LINCOLN, NEBRASKA
GENERAL BONDED INDEBTEDNESS AND DEBT SERVICE FUND
SUMMARY CASH FLOW STATEMENT - CASH BASIS
FOR LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Cash Balance -										
September 1 of Year Indicated	\$ 2,702,098	2,912,578	3,027,951	3,207,562	2,980,788	3,289,948	3,892,886	3,663,200	3,361,571	3,572,272
Receipts:										
Property Tax	3,312,828	3,088,562	3,941,503	3,989,442	4,296,600	5,844,422	4,936,360	6,370,523	6,298,844	5,829,094
Interest Income	98,643	92,696	46,252	8,809	19,632	35,695	47,528	22,655	12,163	9,711
Bond Proceeds	-	-	-	-	-	5,186,389	-	5,016,382	-	-
Other Income	1,011	1,010	1,310	1,615	1,900	1,302,722	3,175	6,135	3,769	98,043
Total Receipts	<u>3,412,482</u>	<u>3,182,268</u>	<u>3,989,065</u>	<u>3,999,866</u>	<u>4,318,131</u>	<u>12,369,228</u>	<u>4,987,063</u>	<u>11,415,695</u>	<u>6,314,776</u>	<u>5,936,848</u>
Disbursements:										
Bonds Paid	2,625,000	2,520,000	3,110,000	3,015,000	2,925,000	6,150,000	4,490,000	4,775,000	4,590,000	4,730,000
Interest Paid	768,276	868,652	991,190	1,102,923	1,160,459	1,296,965	1,095,220	1,170,162	1,420,473	1,414,275
Transfer to Trustee	-	-	-	-	-	5,130,000	-	4,956,976	-	-
Other Disbursements	1,600	4,096	3,248	61,554	5,898	101,423	4,781	283,871	2,674	3,274
Total Disbursements	<u>3,394,876</u>	<u>3,392,748</u>	<u>4,104,438</u>	<u>4,179,477</u>	<u>4,091,357</u>	<u>12,678,388</u>	<u>5,590,001</u>	<u>11,186,009</u>	<u>6,013,147</u>	<u>6,147,549</u>
Cash Balance -										
August 31 of Year Indicated	\$ <u>2,719,704</u>	<u>2,702,098</u>	<u>2,912,578</u>	<u>3,027,951</u>	<u>3,207,562</u>	<u>2,980,788</u>	<u>3,289,948</u>	<u>3,892,886</u>	<u>3,663,200</u>	<u>3,361,571</u>

CITY OF LINCOLN, NEBRASKA
SPECIAL ASSESSMENT REVOLVING FUND
SUMMARY CASH FLOW STATEMENT - CASH BASIS
FOR LAST TEN FISCAL YEARS

	2025	2024	2023	Fiscal Year		2020	2019	2018	2017	2016
				2022	2021					
Cash & Investment Balance - September 1 of Year Indicated	\$ 1,181,210	915,479	\$ 1,020,465	727,754	531,408	2,310,676	2,581,022	2,768,599	2,195,823	2,133,866
Receipts:										
Special Assessment Collections	1,697,237	1,341,695	1,298,999	1,615,868	1,463,701	1,293,247	1,438,699	1,429,730	1,497,442	1,420,191
Interest on Special Assessments	78,619	93,002	92,298	104,231	135,662	127,529	166,149	165,098	180,258	161,882
City's Share of Costs	1,498,039	1,916,003	1,215,291	831,337	1,189,072	1,849,950	2,074,213	1,039,944	1,422,840	1,509,919
Interest on Investments	54,295	40,713	20,486	7,536	10,365	38,939	50,283	34,326	21,763	18,537
Miscellaneous	-	-	-	-	-	-	-	-	301,716	188,457
Total Receipts	<u>3,328,190</u>	<u>3,391,413</u>	<u>2,627,074</u>	<u>2,558,972</u>	<u>2,798,800</u>	<u>3,309,665</u>	<u>3,729,344</u>	<u>2,669,098</u>	<u>3,424,019</u>	<u>3,298,986</u>
Disbursements:										
Construction Costs	1,537,143	1,440,932	1,231,869	1,148,784	1,131,419	1,653,095	1,610,160	1,500,618	1,294,057	1,829,379
Bonds Paid	225,000	215,000	210,000	205,000	195,000	190,000	190,000	180,000	180,000	175,000
Interest Paid on Bonds & Notes	60,870	67,623	74,100	80,340	86,163	91,725	95,773	99,448	102,923	106,123
Other Refunds & Expenses	<u>1,508,861</u>	<u>1,402,127</u>	<u>1,216,091</u>	<u>832,137</u>	<u>1,189,872</u>	<u>3,154,113</u>	<u>2,103,758</u>	<u>1,076,609</u>	<u>1,274,263</u>	<u>1,126,527</u>
Total Disbursements	<u>3,331,874</u>	<u>3,125,682</u>	<u>2,732,060</u>	<u>2,266,261</u>	<u>2,602,454</u>	<u>5,088,933</u>	<u>3,999,691</u>	<u>2,856,675</u>	<u>2,851,243</u>	<u>3,237,029</u>
Cash & Investment Balance - August 31 of Year Indicated	\$ <u>1,177,526</u>	<u>1,181,210</u>	<u>915,479</u>	<u>1,020,465</u>	<u>727,754</u>	<u>531,408</u>	<u>2,310,676</u>	<u>2,581,022</u>	<u>2,768,599</u>	<u>2,195,823</u>

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APPENDIX B

**LES' AUDITOR'S REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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LES

2025 Annual Report

HISTORICAL FINANCIAL SUMMARY

(dollars in thousands)

LINCOLN ELECTRIC SYSTEM

(Unaudited)

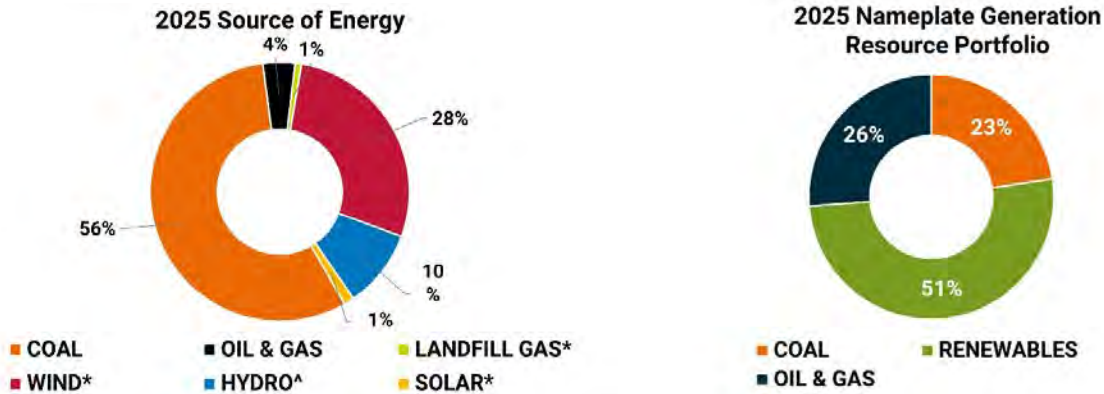
	2025	2024	2023	2022	2021
Operating Revenues					
Electric retail	\$ 326,759	\$ 301,140	\$ 290,674	\$ 275,492	\$ 273,557
Electric wholesale	58,925	58,677	38,713	65,330	74,594
Other revenue	10,639	22,952	20,642	20,561	20,747
Total Operating Revenues	396,323	382,769	350,029	361,383	368,898
Operating Expenses					
Purchased power	86,263	75,110	76,378	90,005	94,240
Produced power	67,456	63,003	61,048	74,377	73,983
Operations	29,711	27,693	25,565	16,797	15,022
Maintenance	15,159	13,254	12,437	9,815	8,070
Administration and general	66,354	66,773	59,032	56,643	51,111
Depreciation and amortization	40,829	35,851	35,555	34,495	35,926
Total Operating Expenses	305,772	281,684	270,015	282,132	278,352
Operating Income	90,551	101,085	80,014	79,251	90,546
Noncapital Subsidies (Net)	(15,491)	-	-	-	-
Operating Income and Noncapital Subsidies	75,060	101,085	80,014	79,251	90,546
Nonoperating Expenses (Net)	(9,692)	(35,588)	(31,606)	(37,627)	(41,307)
Income Before Capital Contributions	65,368	65,497	48,408	41,624	49,239
Net capital contributions	-	-	-	-	-
Change in Net Position	65,368	65,497	48,408	41,624	49,239
Total Capital Assets (Net)	\$ 1,108,724	\$ 1,062,826	\$ 1,011,884	\$ 995,864	\$ 980,496
Peak Hour Use (MW)	801	784	819	763	769
Megawatt-Hour Sales (MWh)					
Residential	1,378,273	1,307,692	1,347,649	1,345,068	1,310,455
Commercial ^[1] & street/highway lighting	1,555,568	1,473,539	1,481,761	1,475,289	1,443,632
Industrial	441,845	469,693	466,063	455,298	477,804
Subtotal retail	3,375,686	3,250,924	3,295,473	3,275,655	3,231,891
Wholesale	630,886	622,119	740,216	968,125	832,831
Total Megawatt-Hour Sales (MWh)	4,006,572	3,873,043	4,035,689	4,243,780	4,064,722
Revenue from Electric Sales					
Residential	\$ 153,700	\$ 141,988	\$ 137,735	\$ 130,691	\$ 127,733
Commercial ^[1] & street/highway lighting	138,918	125,713	121,124	114,501	113,358
Industrial	34,141	33,439	31,815	30,300	32,467
Subtotal retail	326,759	301,140	290,674	275,492	273,557
Wholesale	58,925	58,677	38,713	65,330	74,594
Total Revenue from Electric Sales	\$ 385,684	\$ 359,817	\$ 329,387	\$ 340,822	\$ 348,151
Average Number of Customers					
Residential	136,859	134,912	132,338	130,067	128,256
Commercial ^[1] & street/highway lighting	18,025	17,920	17,751	17,539	17,345
Industrial	236	237	233	231	233
Total Retail Customers	155,120	153,069	150,322	147,837	145,834
Wholesale	5	6	7	7	8
Total Average Number of Customers	155,125	153,075	150,329	147,844	145,842
Retail (12-Month Average Basis)					
Average kWh/customer	21,762	21,238	21,923	22,157	22,161
Cents/kWh	\$ 0.0968	\$ 0.0926	\$ 0.0882	\$ 0.0841	\$ 0.0846

[1] Public Authority customers are reported in the Commercial classification.

2025 SIGNIFICANT EVENTS

- In 2025, LES experienced two of the largest storm events in its history. In March, a blizzard damaged 93 poles and left nearly 5,000 customers without power. LES crews restored service to affected customers, and once restoration was complete, LES deployed eight crews to assist neighboring utilities with their restoration efforts. In August, a severe thunderstorm with 91-mph winds impacted approximately 38,000 customers and required mutual aid from utility partners. Despite these significant storm events, LES ranked second in reliability among 82 cities (excluding major event days).
- In response to new resource adequacy requirements adopted by the Southwest Power Pool (SPP), LES' regional transmission organization, LES took steps to ensure sufficient generation capacity to support system reliability. LES executed a power purchase agreement with Central Nebraska Public Power & Irrigation District for the 22 MW Jeffrey Reservoir Hydroplant and added 423 MW of wind capacity in partnership with Google to support Lincoln's new data center. LES also began advancing plans for two natural gas combustion turbines expected to add a total of 100 MW to the Terry Bundy Generating Station. To fund these investments, LES implemented a 4% rate increase effective July 1, 2025.
- After nearly two years of construction, LES completed the 56th Street Reliability Project in April. The project relocated overhead distribution lines underground, renewed the transmission line, increased 115 kV capacity, reduced outage risk, and improved neighborhood aesthetics.
- LES expanded energy-efficiency efforts for affordable housing in Lincoln after receiving \$300,000 in funding from Google. The funding supports the installation of high-efficiency heat pumps, insulation improvements, smart thermostats, and other energy-saving technologies for underserved communities.
- After nearly a year of collaboration, LES finalized its strategic plan, Powering LES Forward. The plan establishes strategic priorities to guide the utility while reinforcing its commitment to responsible stewardship and service to the community.
- In September, LES energized the North Bluff Substation, one of the largest substations in LES' history. The substation delivers power to Lincoln's first large-scale data center and, upon completion of all phases, will span approximately 880,000 square feet.

RESOURCES



Sources of energy serve wholesale and retail loads.

* LES sells the Renewable Energy Certificates (RECs), and the renewable attributes are transferred to the REC recipient.

^ Jeffrey Hydroplant and Western Area Power Administration contract purchases, including a small portion of nonhydro, supplemental energy.

	Fuel Type	Commercial Operation/ Commencement Date	Net Capacity (MW)	LES Share (%)	LES Share (MW) ⁽¹⁾
OWNED UNITS					
Laramie River Station (Net to LES) ^[2]	Coal	1982	1,698	10.5	178
Walter Scott Energy Center #4 ^[3]	Coal	2007	816	12.66	102
J Street Generating Station	Gas/Oil	1972	30	100	30
Terry Bundy Generating Station ^[4]	Gas/Oil	2003/2004	169	100	169
Rokeby Generation Station ^[4]	Gas/Oil	1975/1996/2001	253	100	253
Bluff Road Landfill Gas to Energy Plant ^[5]	Gas	2014	5	100	5
PARTICIPATION UNITS					
Gerald Gentleman Station	Coal	1982	1,365	8	109
Elkhorn Ridge Wind Farm ^[5]	Wind	2009	80	7.5	6
Laredo Ridge Wind Farm ^[5]	Wind	2011	80	12.5	10
Broken Bow Wind Farm ^[5]	Wind	2012	80	12.5	10
Crofton Bluffs Wind Farm ^[5]	Wind	2012	42	7.5	3
FIRM CONTRACTS					
Arbuckle Mountain Wind Farm ^[5]	Wind	2015	100	100	100
Buckeye Wind Energy Center ^[5]	Wind	2015	100	100	100
Prairie Breeze II Wind Energy Center ^[5]	Wind	2015	73	100	73
Bluestem Wind Project ^[6]	Wind	2025	198	100	198
Great Western Wind Project ^[6]	Wind	2025	225	100	225
Community Solar ^[5]	Solar	2016	4	100	4
Western Area Power Administration	Hydro	1974	-	-	126
Jeffrey Hydroplant ^[5]	Hydro	2025	22	100	22
TOTAL					1,723

(1) Summer net maximum rating.

(2) LES' share is listed after the deduction of participation sales.

(3) LES is a 12.66% joint owner of WSEC #4 operated by MEC. LES has an agreement with MEC whereby MEC will provide 50 MW of WSEC #3 in a swap for 50 MW of LES' share of WSEC #4.

(4) Does not include black start or diesel generators.

(5) LES sells the Renewable Energy Certificates (REC), and the renewable attributes are transferred to the REC recipient

(6) Capacity only. Does not include any energy or renewable attributes.

RENEWABLE RESOURCES

Western Area Power Administration: LES purchases approximately 54 MW of firm power, 72 MW of summer firm peaking and 22 MW of winter firm peaking power from this hydropower resource.

Elkhorn Ridge Wind Farm: LES began receiving energy from a share of the Elkhorn Ridge Wind Farm in 2009, located 5 miles north of Bloomfield in northeast Nebraska. LES entered into a power purchase agreement for 6 MW of the total 80-MW wind project, which consists of 27 wind turbines. This power purchase agreement expires in 2029.

Laredo Ridge Wind Farm: LES began receiving energy from a share of the Laredo Ridge Wind Farm in 2011, located northeast of Petersburg, Nebraska, in Boone County. LES entered into a power purchase agreement for 10 MW of the total 80-MW wind project, which consists of 54 wind turbines. This power purchase agreement expires in 2031.

Crofton Bluffs Wind Farm: LES began receiving energy from a share of the Crofton Bluffs Wind Farm located southwest of Crofton in northeast Nebraska in 2012. LES entered into a power purchase agreement for 3 MW of the total 42-MW wind project, which consists of 22 wind turbines. This power purchase agreement expires in 2032.

Broken Bow Wind Farm: LES began receiving energy from a share of the Broken Bow Wind Farm in 2012. LES entered into a power purchase agreement for 10 MW of the total 80-MW wind project, which consists of 50 wind turbines. The project is located just east of Broken Bow, in central Nebraska. This power purchase agreement expires in 2032.

Bluff Road Landfill Gas to Energy Plant: LES completed construction of a 5-MW landfill gas-generated facility in 2014. The methane fuel is supplied by the Bluff Road Landfill.

Arbuckle Mountain Wind Farm: LES began receiving energy from the Arbuckle Mountain Wind Farm in 2015. LES entered into a power purchase agreement for the full 100-MW project, which consists of 50 wind turbines. The project is in south-central Oklahoma, about 80 miles south of Oklahoma City. This power purchase agreement expires in 2035.

Buckeye Wind Energy Center: LES began receiving energy from the Buckeye Wind Energy Center in 2015. LES entered into a power purchase agreement for the full 100-MW project, which consists of 56 wind turbines. The project is in north-central Kansas, about 5 miles north of Hays, Kansas. This power purchase agreement expires in 2040.

Prairie Breeze II Wind Energy Center: LES began receiving energy from the Prairie Breeze II Wind Energy Center in 2015. LES entered into a power purchase agreement for the full 73-MW project, which consists of 41 wind turbines. The project is in northeast Nebraska, about 5 miles east of Elgin, Nebraska. This power purchase agreement expires in 2040.

Community Solar Project: LES began receiving energy from the Community Solar Project, located on the west edge of Lincoln, Nebraska, in 2016. LES entered into a power purchase agreement for the full facility of approximately 5-MW_{DC}/4-MW_{AC}. The project represents the first utility-scale solar facility in Nebraska and is one of the largest in the region. This power purchase agreement expires in 2036.

Jeffrey Hydroplant: LES has entered into a Power Purchase Agreement for 21.6 MW of capacity and energy from the Jeffrey Reservoir Hydro located in western Nebraska. The power purchase agreement expires in 2037.

Bluestem Wind Project: LES began receiving capacity from the Bluestem Wind Project in 2025. LES entered into an agreement for all capacity associated with the full 198-MW project, consisting of 60 wind turbines. The project is in Beaver County, Oklahoma. This agreement, which expires in 2031, does not include any energy or renewable attributes.

Great Western Wind Project: LES began receiving capacity from the Great Western Wind Project in 2025. LES entered into an agreement for all capacity associated with the full 225-MW project, consisting of 93 turbines. The project is in Woodward and Ellis counties in Oklahoma, near the base of the Oklahoma panhandle. This agreement, which expires in 2031, does not include any energy or renewable attributes.

NATURAL GAS/OIL RESOURCES

J Street Generating Station: LES' oil or natural gas-fired power plant, with one simple-cycle combustion turbine totaling 30 MW, was installed in 1972.

Terry Bundy Generating Station (TBGS): LES' oil or natural gas-fired, 169-MW plant uses waste heat from two aeroderivative combustion turbines to create steam, which is used to operate a steam turbine and generate additional power in a combined-cycle configuration. A third aeroderivative combustion turbine is operated in a simple-cycle configuration. The plant also has a 2-MW "Black Start" unit on-site. The combustion turbines were placed in commercial operation in 2003, with the steam turbine following in 2004.

Rokeby Generation Station: LES' power station with three oil or natural gas-fired simple-cycle combustion turbines, totaling 253 MW, including a 3-MW diesel gen-set. The combustion turbines were installed in 1975, 1996 and 2001.

COAL RESOURCES

Laramie River Station (LRS): LES owns 12.76% of this coal-fired power plant, with approximately 10.50%, or 178 MW, available after ownership and participation sales. Construction was completed in 1982 on the three-unit, 1,710-MW plant.

Walter Scott Energy Center (WSEC) #4: LES owns 12.66% of WSEC Unit 4 along with MidAmerican Energy Company (MEC) and 12 other companies. The coal-fired plant was completed in 2007 and provides LES

approximately 102 MW. To further diversify generation, in January 2008, LES executed an agreement with MEC to exchange energy derived from 50 MW of Unit 4 with 50 MW of Unit 3.

Gerald Gentleman Station (GGS): Owned by Nebraska Public Power District (NPPD), LES participates under a life-of-plant contract by purchasing 8.0% of the output, or approximately 109 MW. The final phase of this coal-fired plant was completed in 1982.

Independent Auditor's Report

Administrative Board
Lincoln Electric System
Lincoln, Nebraska

Opinion

We have audited the financial statements of Lincoln Electric System, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Lincoln Electric System's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Electric System, as of December 31, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Lincoln Electric System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 1, the financial statements present only Lincoln Electric System and do not purport to, and do not, present fairly the financial position of the City of Lincoln, Nebraska as of December 31, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, in 2025, Lincoln Electric System adopted Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lincoln Electric System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the historical financial summary and other introductory information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Lincoln, Nebraska
March 31, 2026**

Management's Discussion and Analysis (Unaudited)

This annual report for Lincoln Electric System consists of Management's Discussion and Analysis (MD&A) and the financial statements, including the notes to financial statements. The following MD&A serves as an introduction to the financial statements of LES. It is intended to be an objective and easily understandable analysis of significant financial and operating activities for the fiscal year ended December 31, 2025, compared to the fiscal year ended December 31, 2024. The MD&A should be read in conjunction with the financial statements and the notes to the financial statements.

LES prepares its financial statements in accordance with Generally Accepted Accounting Principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB).

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the prior period information contained in the MD&A was not restated for a change in accounting principle. As a result, the MD&A contains condensed comparative financial information for the prior period ending December 31, 2024, that is not consistent with the current period ending December 31, 2025, due to a change in accounting principle. The change in accounting principle resulted from an accounting pronouncement, GASB Statement No. 103, *Financial Reporting Model Improvements*, which was adopted by LES during 2025. See Note 2 – Accounting Change for additional information regarding this implementation.

OVERVIEW OF THE FINANCIAL STATEMENTS

Statement of Net Position – This statement presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Assets and liabilities are each divided to distinguish between current and noncurrent. This statement reveals liquidity, financial flexibility and capital structure.

Statement of Revenues, Expenses, and Changes in Net Position – Operating results are separated into operating revenue and expense, noncapital subsidies, nonoperating revenue and expense, and capital contribution revenue and expense. This statement is useful in analyzing financial health.

Statement of Cash Flows – This statement classifies sources and uses of cash summarized by operating, noncapital financing, capital and related financing, and investing activities.

Notes to Financial Statements – The notes provide additional information to support the Financial Statements.

FINANCIAL SUMMARY AND DETAILED ANALYSES

CONDENSED STATEMENTS OF NET POSITION

	2025	2024
	(Dollars in thousands)	
Current Assets	\$ 277,780	\$ 227,069
Noncurrent Assets	47,539	50,516
Capital Assets (Net)	1,108,724	1,062,826
Deferred Outflows of Resources	9,072	9,807
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,443,115	\$ 1,350,218
Current Liabilities	\$ 262,868	\$ 179,803
Noncurrent Liabilities	470,888	508,884
Deferred Inflows of Resources	6,892	24,432
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	740,648	713,119
Net Investment in Capital Assets	488,241	487,477
Restricted	15,624	15,243
Unrestricted	198,602	134,379
NET POSITION	702,467	637,099
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,443,115	\$ 1,350,218

Comparison of 2025 to 2024

Total assets and deferred outflows of resources increased \$92,897,000 (6.9%) in 2025, compared to 2024. Current assets increased by \$50,711,000, primarily due to an increase in cash and short-term investments which resulted from commercial paper issuances. Noncurrent assets decreased \$2,977,000 in 2025, compared to 2024, primarily due to the use of restricted cash for electric system infrastructure required to serve a new data center. Capital assets increased by \$45,898,000 due to increased capital expenditures, net of depreciation. The *Capital Expenditures* section of the MD&A details specific asset additions during 2025. Deferred outflows of resources decreased by \$735,000 due to the scheduled amortization associated with debt refunding and bond defeasance.

Current liabilities increased by \$83,065,000, primarily due to the issuance of \$84,500,000 of commercial paper to finance capital additions. Noncurrent liabilities decreased by \$37,996,000, primarily due to payments of bond principal. Deferred inflows of resources decreased by \$17,540,000 due to recognition of the remaining deferred revenue resulting from Winter Storm Uri, which occurred in February 2021.

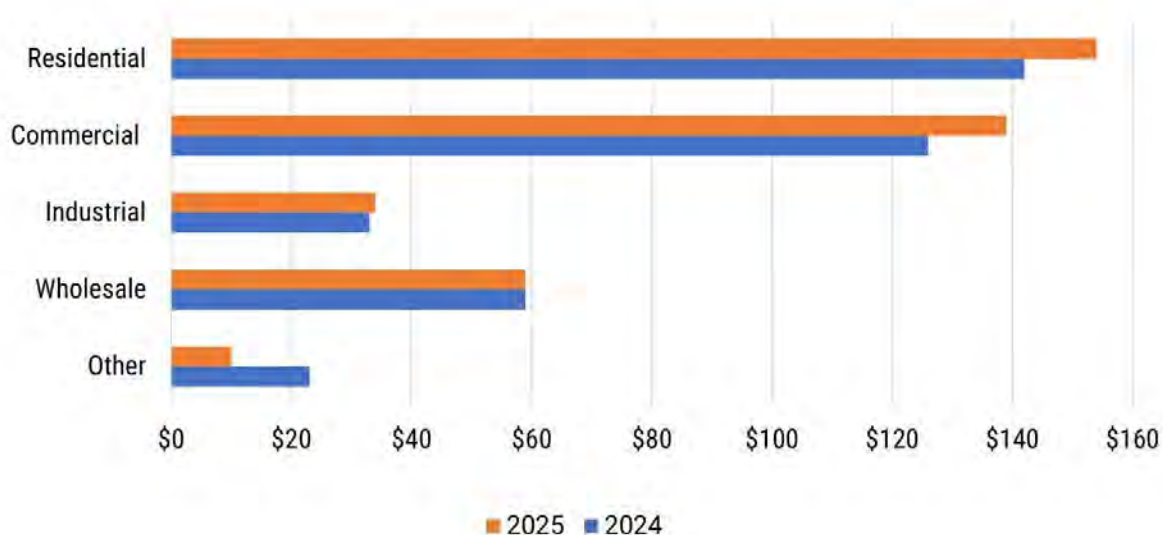
Net position increased by \$65,368,000 due to favorable operating results and the recognition of previously deferred revenues, with the increase primarily reflected in unrestricted net position.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2025	2024
	(Dollars in thousands)	
Operating Revenues	\$ 396,323	\$ 382,769
Operating Expenses	(305,772)	(281,684)
Noncapital Subsidies	(15,491)	-
OPERATING INCOME & NONCAPITAL SUBSIDIES	75,060	101,085
Interest Expense	(17,410)	(16,946)
Other Nonoperating Revenues (Expenses) (net)	7,718	(18,642)
TOTAL NONOPERATING EXPENSES	(9,692)	(35,588)
CHANGE IN NET POSITION	\$ 65,368	\$ 65,497

OPERATING REVENUES

(DOLLARS IN MILLIONS)

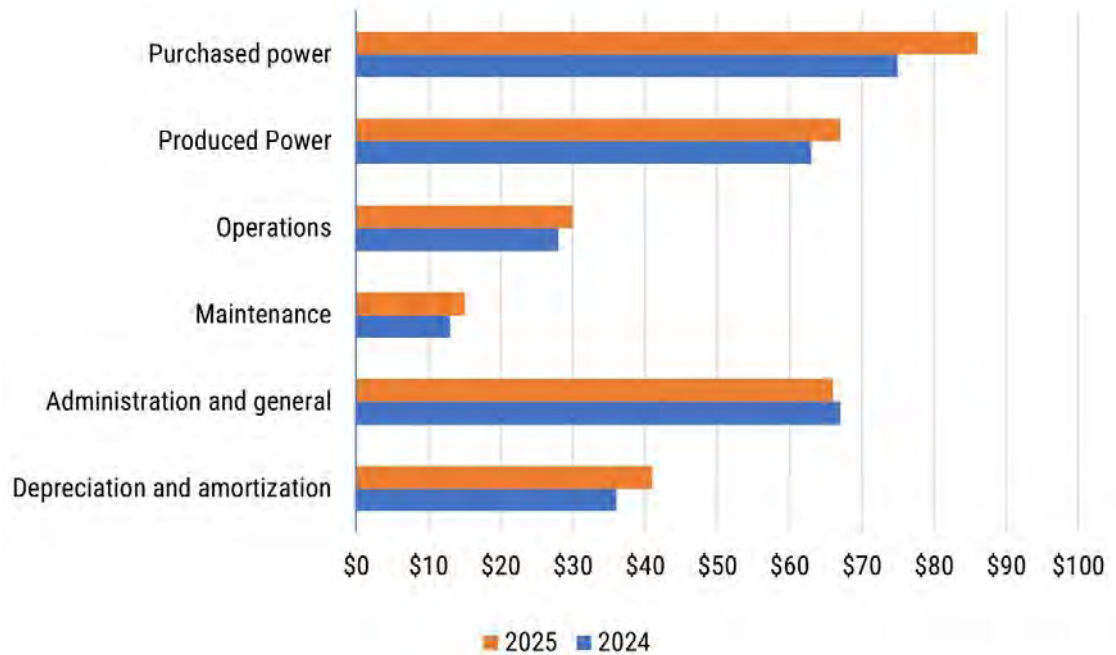


Comparison of 2025 to 2024

Operating revenues in 2025 were \$396,323,000, up 3.5% from 2024. Retail revenue was \$326,759,000, which was 8.5% higher than the 2024 revenue of \$301,140,000, primarily due to retail rate increases of 3.3% on January 1 and 4.0% on July 1. Wholesale revenue was \$58,925,000, which was comparable to 2024 revenue of \$58,677,000. In 2025, \$13,817,000 of City Dividend for Utility Ownership revenue was reclassified from operating revenues to noncapital subsidies due to the adoption of GASB 103.

OPERATING EXPENSES

(DOLLARS IN MILLIONS)



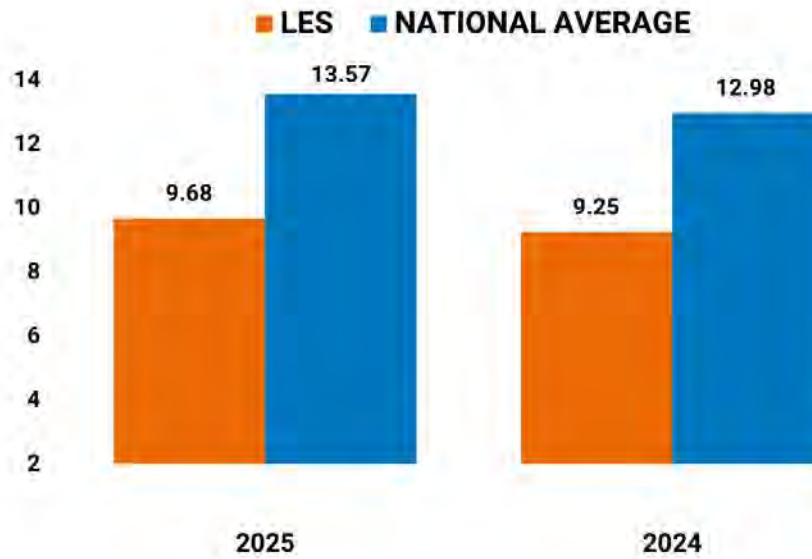
Comparison of 2025 to 2024

Operating expenses in 2025 were \$305,772,000, an increase of 8.6% from 2024 expenses of \$281,684,000. Purchased power and produced power expenses were \$153,719,000, up 11.3% from 2024 expenses of \$138,113,000, primarily due to higher SPP purchases, increased energy costs at Laramie River Station, and the addition of the Jeffrey Hydroplant. Depreciation and amortization expenses were \$40,829,000, up 13.9% from 2024 expenses of \$35,851,000, primarily due to an increase in utility plant assets being depreciated. Administrative and general expenses were \$66,354,000, which were similar to 2024 expenses of \$66,773,000. Operations and maintenance expenses were \$44,870,000, up 9.6% from 2024 expenses of \$40,947,000, primarily due to higher storm restoration costs resulting from major storm activity during the year, as well as higher transmission expenses.

RATES

AVERAGE RETAIL RATES

(CENTS PER kWh)



LES' average retail rates per kWh remain competitive as compared to the national average for retail rates (2025 is preliminary) according to the Energy Information Administration (EIA), U.S. Department of Energy. Based on preliminary 2025 EIA data, LES' retail rates were 29% below the national average.

RATES COMPARISON

In 2025, LES implemented a system-wide retail rate increase of 3.3% and a mid-year increase of 4.0%. A six-state regional rate comparison (prepared by LES) shows that LES' residential rates are among the least expensive when ranked among regional utilities. The study showed LES' annual rates for all customer classes remain among the lowest in the region. The regional rate comparison includes cities from Colorado, Iowa, Kansas, Minnesota, Missouri and Nebraska.

FINANCING

No bonds were issued in 2025.

LES uses its Commercial Paper Program to provide liquidity between long-term financings. LES' Commercial Paper Program is authorized for \$150,000,000. LES issued \$84,500,000 of new commercial paper in 2025, bringing the outstanding amount to \$150,000,000 as of December 31, 2025.

In 2018, LES entered into a revolving credit agreement with JPMorgan Chase Bank, National Association. The agreement was amended in 2024, extending the expiration date to August 19, 2027. The revolving credit agreement supports the Commercial Paper Program. No advances were outstanding under the revolving credit agreement as of December 31, 2025.

LES entered into a Note Purchase Agreement simultaneously with entering into the revolving credit agreement with JPMorgan Chase Bank, National Association. The Note Purchase Agreement was amended in 2024, extending the expiration date to August 19, 2027. The Note Purchase Agreement allows LES to issue both Taxable and Tax-Exempt notes. Amounts outstanding under the Note Purchase Agreement reduce the available amount under the revolving credit agreement that supports the Commercial Paper Program. No amounts were outstanding under the Note Purchase Agreement as of December 31, 2025.

In 2023, LES entered into a revolving credit agreement with Bank of America, National Association. The agreement allows LES to draw up to \$50,000,000 on a variable rate basis. The agreement was executed on April 6, 2023, and replaced a similar agreement with U.S. Bank, National Association, which expired on March 17, 2023. The revolving credit agreement with Bank of America, National Association will expire in April 2026. Electric revenues secure the agreement. No amounts were outstanding on the agreement as of December 31, 2025.

Also, in 2023, LES entered into a \$50,000,000 revolving credit agreement with Union Bank and Trust Company. The agreement was executed on July 12, 2023, and will expire in August 2026. The agreement is secured by electric revenues and is subordinate to the Bank of America, National Association revolving credit agreement. No amounts were outstanding on the agreement as of December 31, 2025.

The following chart shows outstanding debt as of December 31, 2025, and 2024.

OUTSTANDING DEBT

(DOLLARS IN MILLIONS)



RATINGS

Among other factors, the bond rating agencies assess an entity's operations, stability of customer base, and financial profile when determining an entity's bond rating. Standard & Poor's Global Ratings (S&P) and Fitch Ratings (Fitch) have assigned ratings to LES that are among the highest granted to electric utilities. Bond covenants require LES to have ratings from two rating agencies. The following table provides the current ratings for outstanding debt. LES' ratings have remained unchanged for more than 20 years.

	S&P	Fitch
Revenue Bonds	AA	AA
Commercial Paper	A-1+	F1+

FIXED CHARGE COVERAGE FOR REVENUE BONDS

1.85

2025

1.76

2024

LES' bond ordinance establishes a Debt Service Coverage requirement of 1.00.

LES generally targets a minimum year-end Debt Service Coverage of 2.00 and a year-end Fixed Charge Coverage of 1.40.

FIXED CHARGE COVERAGE RATIO CALCULATION

	2025	2024
	(Dollars in thousands)	
OPERATING REVENUES	\$396,323	\$382,769
Power Costs	153,719	138,113
Operations & Maintenance	44,870	40,947
Administrative & General	66,354	66,773
OPERATING EXPENSES*	264,943	245,833
NET OPERATING REVENUE	131,380	136,936
Fixed Capacity Charges **	21,704	19,648
Payment in Lieu of Taxes	(15,065)	(13,954)
City Dividend for Utility Ownership	-	(12,944)
Interest Income ***	5,803	5,933
Rate Stabilization Fund Transfers	1,350	-
Other	-	546
OTHER ADJUSTMENTS	13,792	(771)
NET OPERATING REVENUE AND OTHER ADJUSTMENTS	\$145,172	\$136,165
Long-Term Debt Service	\$53,776	\$55,280
Short-Term Interest Expense	3,192	2,250
Fixed Capacity Charges **	21,704	19,648
FIXED CHARGES	\$78,672	\$77,179
FIXED CHARGE COVERAGE RATIO	1.85	1.76

*Excludes depreciation expense

**Includes expenses for Gerald Gentleman Station, Western Area Power Administration and 50% of renewable power purchase agreements

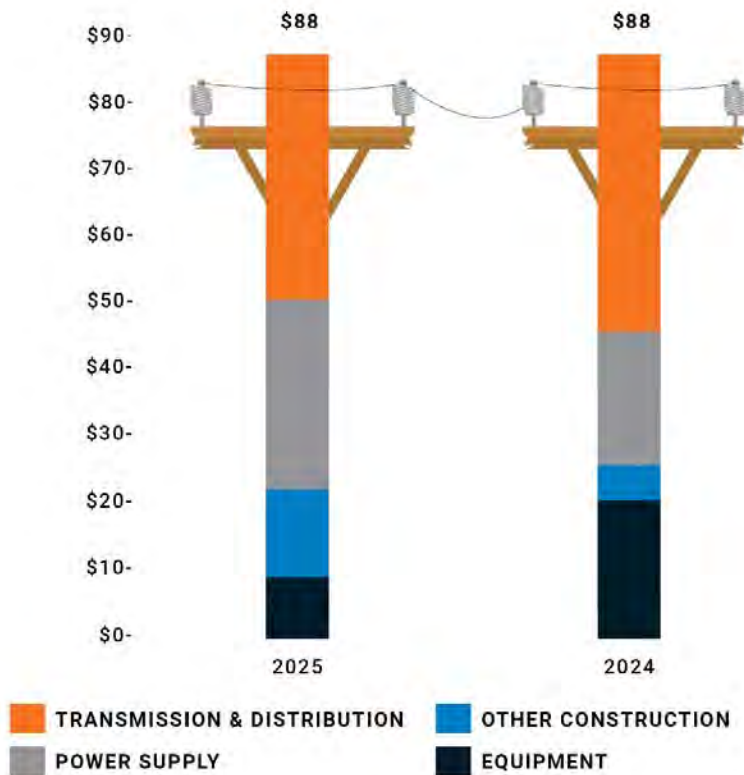
***Excludes interest earned on the Rate Stabilization Fund

CAPITAL EXPENDITURES

Capital expenditures for 2025 and 2024 are shown in the chart below.

CAPITAL EXPENDITURES

(DOLLARS IN MILLIONS)



Includes capital expenditures that will be recovered in future periods according to Note 1 – Recovery of Plant Costs.

Significant capital projects during 2025 included the following:

- Capital improvements at Terry Bundy Generating Station (TBGS) resulted in \$16,523,000 in capital costs in 2025. This included \$14,546,000 related to the expansion at TBGS.
- LES' share of capital improvements at Laramie River Station (LRS) and Walter Scott, Jr. Energy Center (WSEC), for 2025, were \$3,777,000 and \$7,204,000, respectively.
- Costs for Underground Rebuilds in 2025 totaled \$7,352,000. This project rebuilt existing underground systems due to age, deterioration or other factors.
- Costs for Overhead Rebuilds in 2025 totaled \$6,322,000. This project was for the replacement or removal of deteriorated or obsolete facilities.

- Significant work on the Walter A. Canney Service Center’s HVAC and electrical systems took place in 2025, totaling \$6,095,000. The project has spanned multiple years and is nearing completion. Life-to-date spend on the project as of December 31, 2025, is \$17,385,000.
- Costs for Underground Residential Extensions and Development in 2025 totaled \$5,166,000. This project installed primary and secondary extensions to new homes, residential developments and apartment complexes.
- Costs for Underground Commercial Extension/Development in 2025 totaled \$5,413,000. This project installed primary and secondary extensions for new or existing commercial customers.
- Costs for Underground Relocations in 2025 totaled \$3,535,000. This project relocated existing underground equipment in conflict with non-LES projects and converted existing overhead electrical facilities to underground.

CURRENTLY KNOWN FACTS

STRATEGIC PLAN

In August 2025, the LES Administrative Board unanimously approved Powering LES Forward, a long-range strategic plan that provides a roadmap to guide the utility through 2035 and positions LES for success in an evolving energy landscape.

The plan reflects extensive community input gathered through public meetings, surveys and engagement sessions held throughout 2024 and 2025. This broad participation helped shape a plan that aligns customer expectations, operational and performance metrics into a cohesive, future-focused direction.

The plan redefines LES’ mission – *Powering our community through responsible stewardship of our shared resources* – and its vision: *Driving our energy future where people and power enable progress*. Grounded in these principles, Powering LES Forward responds to rapid technological change, shifting customer needs, increasingly unpredictable weather patterns, and evolving energy markets.

At the heart of the plan are five strategic objectives that guide the utility’s priorities and decision-making:

- Customer & Community: Optimally deploying LES’ resources to meet customers’ evolving needs while enhancing the customer experience and reducing energy burden.
- Infrastructure: Building and maintaining a reliable, resilient and adaptable grid capable of supporting emerging technologies and extreme weather.
- Financial Health: Ensuring LES maintains strong fiscal stability, including a solid bond rating, sufficient liquidity and transparency in long-term rate planning.
- Workforce Readiness: Retaining, developing, and attracting a talented workforce to support organizational performance and prepare for future operational demands.
- Sustainability: Reducing LES’ carbon footprint, caring for the environment and managing demand peaks.

These objectives are supported by defined goals and metrics, with Key Performance Indicators aligned across departments to ensure transparent, measurable progress.

SOUTHWEST POWER POOL (SPP)

LES became an active member of the SPP Regional Transmission Organization (RTO) on April 1, 2009. Through its representation on various committees, LES continues to work with the SPP Board of Directors, members and staff to identify ways to improve energy market operations and overall organizational effectiveness. LES' participation in SPP and its energy market remains successful. Recent winter storms drive new regulatory expectations for SPP and other RTOs in North America. SPP is making system improvements to better address reliability during these events. SPP continues to expand its market footprint with electric utilities west of the existing RTO footprint, effective April 1, 2026.

CYBER AND PHYSICAL SECURITY

LES continues to be heavily involved in the utility industry's cyber and physical security activities. LES staff actively participate in industry groups focused on cyber and physical security. In addition, they work with industry and government representatives to address incidents and best practices for protecting cyber and physical infrastructure, ensuring the electric system's reliability. The LES Administrative Board receives regular updates on cyber and physical security.

RENEWABLE RESOURCES AND DECARBONIZATION

Nebraska does not have a renewable portfolio standard. The electric utility industry continues to experience pressure from customers and regulators to incorporate additional renewable generating resources into generation portfolios. Although their intermittent production capability must be considered when assessing the system's reliability, renewable resources can serve as a hedge against future fossil fuel price volatility and/or environmental regulations. In 2025, LES sourced approximately 26% of its installed nameplate generating capacity from oil and natural gas, 23% from coal, and 51% from renewable resources, which includes hydro, landfill gas, wind, and solar. LES' 2025 energy production from renewable resources is equivalent to 38% of retail sales. In 2020, the LES Administrative Board adopted a 2040 goal to achieve net-zero CO₂ production from the generation portfolio.

ENVIRONMENTAL REGULATIONS

The electric utility industry has repeatedly faced new and proposed environmental regulations. The increase in legislation, and subsequent regulatory uncertainty, is a major issue facing LES and all-electric utility providers. LES continues to work diligently with industry groups and government representatives to help shape legislation and implement cost-effective means to comply with all regulations. Monitoring the rapidly changing requirements within environmental regulations is a priority for LES. The regulations monitored by LES include:

CARBON EMISSIONS FROM EXISTING POWER PLANTS

The Environmental Protection Agency (EPA) has issued several versions of a plan to reduce carbon emissions from existing power plants which would have a significant impact on LES and the industry. The current version of the plan was proposed on May 23, 2023, and finalized in May 2024. The rule requires coal-fired plants to either retire by 2032, or retire by 2039 if cofiring with 40% natural gas by 2030, or install 90% carbon sequestration if operating after 2039. Multiple lawsuits ensued. Additionally, multiple Executive Orders were issued by the current federal administration directing the EPA to remove

regulations and policies that impede coal-fired power plants. On June 17, 2025, the EPA proposed repealing all greenhouse gas emission standards for fossil fuel-fired power plants.

PERFORMANCE STANDARDS FOR GREENHOUSE GAS EMISSIONS FROM NEW, MODIFIED AND/OR RECONSTRUCTED STATIONARY SOURCES

LES monitors this rule due to its impact on greenhouse gas emissions from new, modified, and/or reconstructed turbines. On May 23, 2023, the EPA proposed standards which were finalized in May 2024. The final rule required new combustion turbines operating above 40% capacity to install 80% carbon sequestration by 2032. LES and partner facilities are not affected at this time. Additionally, on June 17, 2025, the EPA proposed repealing all greenhouse gas emission standards for fossil fuel-fired power plants.

CROSS-STATE AIR POLLUTION

The Cross-State Air Pollution Rule (CSAPR) was initially issued in 2011 to assist states in complying with ambient air quality standards by limiting downwind pollution. Under this rule, facilities must provide allowances for each ton of nitrogen oxide (NO_x) and sulfur dioxide (SO₂) emitted. Certain states, including Iowa, are also required to provide additional allowances for NO_x emissions during the ozone season. Recent revisions to the rule, referred to as the Good Neighbor Plan, were remanded or withdrawn at this time.

REGIONAL HAZE RULE

The purpose of the regional haze regulations is to improve visibility by reducing regional haze in 156 national parks and wilderness areas (Class I areas) across the country. These regulations impact Gerald Gentleman Station (GGS), Laramie River Station (LRS) and Walter Scott Energy Center (WSEC). After analysis, by the State of Wyoming in 2021, it was determined that additional controls at LRS were unnecessary. The current state plans for Iowa and Wyoming have been approved by the EPA. GGS submitted additional air modeling data on SO₂ emissions, but no action was taken. The current draft of the State of Nebraska State Implementation Plan for Regional Haze does not include additional controls for GGS. However, in 2024 the EPA issued a proposed Federal Implementation Plan (FIP) which would require GGS to install SO₂ scrubbers. The FIP has not yet been finalized or withdrawn. In December 2024, the EPA proposed a rule that would extend the due date for state plans submittals for the Regional Haze third planning period until 2031.

ACID RAIN PROGRAM

Implemented under the Clean Air Act Amendments of 1990, the Acid Rain Program is intended to achieve environmental benefits by reducing SO₂ and NO_x emissions. All LES-owned and contracted resources operate within the acid rain regulations.

MERCURY AND AIR TOXIC STANDARDS

In February 2012, the EPA issued the final Mercury and Air Toxic Standards (MATS) rule intended to reduce emissions of toxic air pollutants from power plants. The MATS rule does not apply to simple-cycle and combined-cycle stationary combustion turbines, so TBGS, RGS and J Street Generating Station are not impacted. GGS, LRS and WSEC have installed mercury controls to comply with MATS. Each affected facility must demonstrate ongoing compliance with MATS. In May 2024, the EPA finalized rules that lowered the Particulate Matter (PM) standard and required MATS facilities to add PM monitors. However,

an Executive Order was issued in April 2025 that delays the compliance period for recent MATS revisions until mid-2029.

COOLING WATER INTAKE STRUCTURES STANDARDS 316(b)

The EPA developed regulations under Subsection 316(b) of the Clean Water Act that affect facilities with cooling water intake structures. The regulations are intended to ensure that the location, design, construction, and capacity of the cooling water intake structures reflect the best technology available to minimize adverse environmental impacts from impingement or entrainment.

Section 316(b) requirements are implemented through facility-specific National Pollutant Discharge Elimination System (MPDES) permits and associated compliance schedules administered by state permitting authorities. LES does not operate any generating facilities subject to Section 316(b) requirements. However, LES holds ownership or contractual participation interests in facilities owned and operated by other entities such as GGS and WSEC.

Compliance with Section 316(b) requirements, including permitting, engineering design, construction activities and post-construction performance studies is the responsibility of the respective operating agents and is subject to oversight by the applicable state regulatory authorities, including the Nebraska Department of Water, Energy & Environment and the Iowa Department of Natural Resources.

Compliance with Section 316(b) requirements may be allocated to LES based on ownership interests or contractual arrangements. LES continues to monitor regulatory developments, permit implementation, and compliance schedules related to Section 316(b) in coordination with its operating partners to assess potential cost impacts and planning considerations.

COAL COMBUSTION RESIDUALS PROPOSED RULE

The EPA's Coal Combustion Residuals (CCR) rule was first promulgated in April 2015 under Subtitle D of the Resource Conservation and Recovery Act (RCRA), establishing national minimum criteria for the safe management and disposal of coal combustion residuals in landfills and surface impoundments. The CCR regulations became effective in October 2015 and include requirements related to location restrictions, structural integrity, groundwater monitoring, corrective action, closure and post-closure care.

LES does not operate any CCR units directly. However, LES holds ownership or participation interests in facilities owned and operated by other entities, including GGS (operated by Nebraska Public Power District), LRS (operated by Basin Electric Power Cooperative), and WSEC (operated by Berkshire Hathaway Energy).

On May 8, 2024, the EPA issued the Legacy Coal Combustion Residuals Surface Impoundments and CCR Management Units (CCRMUs) Final Rule, which expanded the scope of regulated CCR units to include certain inactive or previously unregulated impoundments and land-based CCR management units. The rule became effective on November 8, 2024. The EPA has since announced that it is undertaking a reconsideration of the 2024 rule, which may result in future revisions to applicability, implementation schedules, or compliance obligations.

During 2025, the EPA finalized and proposed revisions affecting the timing of certain CCR compliance obligations, including extensions of selected deadlines under the Legacy CCR rule and a proposal to extend closure deadlines for certain unlined CCR surface impoundments. These actions were intended to address implementation and reliability considerations and remain subject to further agency action.

CCR compliance activities at facilities in which LES holds an ownership interest, including obligations related to groundwater monitoring, corrective action, closure, or post-closure care, are the responsibility of the respective operating agents. Nevertheless, costs associated with CCR compliance activities may be allocated to LES based on contractual arrangements or ownership participation.

LES continues to monitor CCR regulatory developments, including rule reconsiderations and potential compliance-date adjustments, in coordination with its operating partners in order to evaluate potential compliance obligations, timing considerations, and associated cost impacts.

CONTACT INFORMATION

This financial report is designed to provide a general overview of LES' financial status for 2025 and 2024. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Chief Financial Officer located at 9445 Rokeby Road in Lincoln, Nebraska, 68526-9788, or by email at finance@les.com.

LINCOLN ELECTRIC SYSTEM

STATEMENT OF NET POSITION

As of December 31, 2025

Assets and Deferred Outflows of Resources	(Dollars in thousands)
Current Assets	
Cash and cash equivalents	\$ 140,927
Restricted cash, cash equivalents and investments	22,126
Accounts receivable, net	27,851
Lease receivable	330
Accrued lease interest	1
Unbilled revenues	20,482
Accrued interest receivable	526
Materials, supplies and fuel inventory	37,329
Plant operation assets	19,996
Other current assets	8,212
Total current assets	277,780
Noncurrent Assets	
Restricted cash, cash equivalents and investments	31,916
Lease receivable	7,285
Accrued lease interest	184
Other noncurrent assets	8,154
Total noncurrent assets	47,539
Capital Assets	
Utility plant	1,896,196
Accumulated depreciation	(1,003,816)
Construction work in progress	216,344
Total capital assets	1,108,724
Deferred Outflows of Resources	
Deferred loss on refunded debt	5,687
Deferred costs for asset retirement obligations	3,385
Total deferred outflows of resources	9,072
Total Assets and Deferred Outflows of Resources	\$ 1,443,115
Liabilities and Deferred Inflows of Resources	
Current Liabilities	
Accounts payable	\$ 24,197
Accrual for payments in lieu of taxes	14,800
Commercial paper	150,000
Accrued software interest	41
Accrued liabilities	28,944
Current maturities of long-term debt	37,580
Current maturities of software liabilities	1,372
Accrued interest payable	5,934
Total current liabilities	262,868
Noncurrent Liabilities	
Long-term debt, net	443,603
Developer performance deposits	21,326
Health and dental plan reserves	1,235
Asset retirement obligation	3,385
Software liabilities	1,339
Total noncurrent liabilities	470,888
Deferred Inflows of Resources	
Leases	6,892
Total deferred inflows of resources	6,892
Total liabilities and deferred inflows of resources	740,648
Net Position	
Net investment in capital assets	488,241
Restricted for debt service	12,969
Restricted for employee health insurance claims	2,655
Unrestricted	198,602
Total net position	702,467
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,443,115

See Notes to the Financial Statements.

LINCOLN ELECTRIC SYSTEM**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2025

	(Dollars in thousands)
Operating Revenues	
Electric retail	\$ 326,759
Electric wholesale	58,925
Other	10,639
Total operating revenues	<u>396,323</u>
Operating Expenses	
Purchased power	86,263
Produced power	67,456
Operations	29,711
Maintenance	15,159
Administration and general	66,354
Depreciation and amortization	40,829
Total operating expenses	<u>305,772</u>
Operating Income	<u>90,551</u>
Noncapital Subsidies	
City dividend for utility ownership revenue	13,817
City dividend for utility ownership expense	(14,243)
Payment in lieu of taxes	(15,065)
Total noncapital subsidies	<u>(15,491)</u>
Operating Income and Noncapital Subsidies	<u>75,060</u>
Nonoperating Revenues (Expenses)	
Interest expense	(17,410)
Other expense	(139)
Interest income	7,857
Total nonoperating expenses	<u>(9,692)</u>
Capital Contributions	24,875
Plant Costs Recovered through Capital Contributions	<u>(24,875)</u>
Change in Net Position	65,368
Net Position - Beginning of Year	<u>637,099</u>
Net Position - End of Year	<u>\$ 702,467</u>

See Notes to the Financial Statements.

LINCOLN ELECTRIC SYSTEM

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

(Dollars in thousands)

Operating Activities

Received from sales to customers and users	\$	382,005
Sales tax receipts		18,175
Paid to suppliers for goods and services		(221,518)
Paid to employees for services		(49,670)
Payments for sales tax		(17,974)
Net cash provided by operating activities		<u>111,018</u>

Noncapital Financing Activities

Payment in lieu of taxes		(13,970)
City Dividend for Utility Ownership revenue		13,817
City Dividend for Utility Ownership payments		(13,719)
Net cash used in noncapital financing activities		<u>(13,872)</u>

Capital and Related Financing Activities

Capital expenditures		(108,883)
Net cost/salvage value of retiring plant		(2,294)
Capital contributions		15,888
Capital contributions received in advance		3,252
Cash received from leases		514
Principal payments on software agreements		(1,419)
Interest payments on software agreements		(113)
Proceeds from commercial paper issuance		84,500
Principal payments on long-term debt		(35,740)
Interest payments on long-term debt		(20,773)
Net cash used in capital and related financing activities		<u>(65,068)</u>

Investing Activities

Net purchases of investments		(27,960)
Interest received		7,858
Net cash used in investing activities		<u>(20,102)</u>

Net Change in Cash and Cash Equivalents

11,976

Cash and Cash Equivalents - Beginning of Year

47,368

Cash and Cash Equivalents - End of Year

\$ 59,344

Reconciliation of Cash and Cash Equivalents to the Balance Sheet

Cash and cash equivalents	\$	140,927
Restricted cash, cash equivalents and investments - current		22,126
Restricted cash, cash equivalents and investments - noncurrent		31,916
Total cash, cash equivalents and investments		194,969
Less: investments not classified as cash equivalents		(135,625)
Total cash and cash equivalents	\$	<u>59,344</u>

See Notes to the Financial Statements.

LINCOLN ELECTRIC SYSTEM**STATEMENT OF CASH FLOWS – CONTINUED**

For the Year Ended December 31, 2025

	(Dollars in thousands)
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 90,551
Lease revenue	(531)
Noncash items included in operating income	
Depreciation charged to other accounts	1,320
Depreciation and amortization	40,829
Changes in operating assets and liabilities	
Accounts receivable	(1,804)
Unbilled revenues	(2,475)
Materials, supplies and fuel inventories	(2,395)
Plant operation assets	1,625
Other current assets	(2,436)
Other noncurrent assets	(4)
Accounts payable	(1,189)
Sales tax payable	201
Accrued expenses	5,386
Health and dental plan reserve	72
Reductions in future billings	(18,132)
Net cash provided by operating activities	<u>\$ 111,018</u>
Supplemental Noncash Activities	
Capital asset acquisitions included in accounts payable	\$ 639
Capital assets acquired through addition of software liabilities	1,697

See Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Lincoln Electric System is a municipal utility, owned by the City of Lincoln, Nebraska (the City). LES is operated under the LES Administrative Board, appointed by the mayor, and confirmed by the Lincoln City Council. The City Council, as required by the City Charter, reserves the authority to set the rates and charges, adopt the annual budget and incur debt. LES' service area covers approximately 200 square miles, including the city of Lincoln and surrounding communities.

In evaluating how to define LES, for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of several criteria, including: (1) LES' ability to appoint a voting majority of another entity's governing body and to impose its will on that entity; (2) the potential for that entity to provide specific financial benefits to, or impose specific financial burdens on LES; and (3) the entity's fiscal dependency on LES. Based upon the above criteria, LES has determined that it has no reportable component units.

The financial statements present only LES, and do not purport to fairly present the City's financial position as of December 31, 2025 and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States (GAAP).

Basis of Accounting and Presentation

LES' activities are accounted for with an economic resources measurement focus and an accrual basis of accounting. LES' accounting records are maintained in accordance with all applicable pronouncements of the Governmental Accounting Standards Board (GASB) and generally follow the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). LES prepares its financial statements as a business-type activity in conformity with GAAP.

LES follows the provisions of GASB Codification Section Re10, *Regulated Operations*, which permits an entity with cost-based rates and board authorization to include certain revenues or costs in a period other than the period in which revenues or costs would be reported by an unregulated entity, to the extent that the rate-regulated entity is recovering, or expects to recover, such amounts in rates charged to its customers. This guidance applies to LES because rates for LES' regulated operations are established and approved by the LES Administrative Board and City Council.

Use of Estimates

The preparation of financial statements in conformity with GAAP, requires management to make estimates, and assumptions, that affect the reported amounts of assets, liabilities, deferred inflows and outflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results may differ from those estimates.

Revenue Recognition

Electric revenues are recorded based on the related period of customer usage. Billings for electric revenues are rendered monthly on a cycle basis. Unbilled revenues representing estimated consumer usage for the period between the last billing date and the end of the period are accrued in the period of consumption.

Cash Equivalents

LES considers all highly liquid investments with an original maturity of three months or less at the date of purchase, to be cash equivalents. On December 31, 2025, cash equivalents consisted of money market funds, U.S. Treasury bills, U.S. agency discount notes and commercial paper.

Investments and Investment Income

LES maintains various designated and restricted accounts (see Note 3) which are held for debt service obligations, future health claims and other items. Investments in money market mutual funds are carried at cost, which approximates fair value. Investments in U.S. Treasury securities, U.S. agency obligations, and commercial paper are carried at fair value. Fair value is determined based on quoted market prices or yields currently available for comparable securities of issuers with similar credit ratings.

Investment income includes interest income and the net change in the fair value of investments for the year.

Accounts Receivable

Accounts receivable are reported net of the allowance for uncollectible accounts of \$3,339,000 on December 31, 2025.

Inventory

Materials, supplies and fuel inventories are stated at the lower of cost or market. Cost is generally determined on a weighted-average basis.

Jointly Owned Facilities

Plant operation assets related to the operation of Laramie River Station (LRS) and Walter Scott Energy Center (WSEC) #4 (see Note 10) are comprised of operating assets, primarily fuel and supplies inventories, and operating cash. These assets are managed by the operating agents of LRS and WSEC #4 and are stated at cost. Operating expenses of LRS and WSEC #4 are included in the corresponding operating expense classifications in the Statement of Revenues, Expenses and Changes in Net Position.

Capital Assets

The costs of electric utility plant additions, replacements of property units and betterments to the electric system are capitalized. These costs include material, labor, vehicle and equipment usage, related overhead costs and certain administrative and general costs. LES' capitalization threshold was \$5,000 in 2025.

Costs of labor, materials, supervision and other costs incurred in making repairs and minor replacements, and in maintaining the plant in efficient operating condition, are charged to operating expenses. When plant assets are retired, the original cost, and removal cost less salvage are charged to accumulated depreciation. Depreciation is computed on a straight-line basis using composite rates, ranging from 2.0% and 20.0%, depending on the asset type.

Leases

LES accounts for leases in accordance with GASB Statement No. 87, *Leases*. Leases are contracts that convey control of the right to use another entity's nonfinancial asset for a specified period of time in an exchange or exchange-like transaction, without the transfer of ownership of the asset. See Note 5 - Leases for additional information regarding leases.

For lessee contracts, lease assets and liabilities are reported on the Statement of Net Position at present value using LES' incremental borrowing rate. The lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset. The amortization of the discount is recorded as accrued interest payable on the Statement of Net Position, with the offset to interest expense on the Statement of Revenues, Expenses and Changes in Net Position.

For lessor contracts, lease receivables and deferred inflows of resources are reported on the Statement of Net Position at present value using LES' incremental borrowing rate. The amortization of the discount is recorded as accrued lease interest on the Statement of Net Position, with the offset to interest income on the Statement of Revenues, Expenses and Changes in Net Position. The deferred inflows of resources are amortized over the lease term and lease revenue is recognized as other operating revenues on the Statement of Revenues, Expense and Changes in Net Position.

Subscription-Based Information Technology Arrangements (SBITAs)

LES accounts for SBITAs in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. SBITAs are contracts that convey control of the right to use another party's information technology (IT) software for a specified period in an exchange or exchange-like transaction, without the transfer of ownership of the asset. The subscription term is the period that LES has a noncancellable right to use the underlying IT asset. See Note 6 - Subscription-Based Information Technology Arrangements (SBITAs) for additional information.

For SBITA contracts, subscription assets and liabilities are reported on the Statement of Net Position at present value using LES' incremental borrowing rate. The subscription assets are amortized over the shorter of the contract term or the useful life of the underlying IT assets. The amortization of the discount for SBITA contracts is recorded as accrued software interest on the Statement of Net Position with the offset to interest expense on the Statement of Revenues, Expenses and Changes in Net Position.

Compensated Absences

LES accounts for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. LES accrues vacation leave and vested sick leave when the employee earns the benefit. Since there is no cash payment for non-vested sick leave when an employee terminates or retires, non-vested sick leave is accrued when the employee has earned the benefit, to the extent it is probable that the leave will be used. Salary-related payments, such as payroll taxes, are also accrued with the compensated absence liabilities. The compensated absence liabilities are included in accounts payable and accrued liabilities on the Statement of Net Position.

Deferred Loss on Refunded Debt

Costs incurred in connection with the refinancing of various bond issuances are being amortized over the remaining life of the old bonds, or the life of the new bonds, whichever is shorter. Amortization is recorded as

a component of interest expense within nonoperating expenses. The deferred loss on the refunded debt balance was \$5,687,000 as of December 31, 2025.

Recovery of Plant Costs

Capital contributions are received from customers and other third parties, primarily to offset the costs associated with expanding LES' electrical system. LES follows FERC guidelines for recording capital contributions. These guidelines direct the reduction of utility plant by the amount of these contributions. To comply with GASB Codification Section N50, *Non-exchange Transactions*, while continuing to follow FERC guidelines, capital contributions are recorded as income and offset by an expense, in the same amount, representing the recovery of plant costs.

Net Position Classification

Net position must be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt, are included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as debt covenants), contributors, the law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Revenue bond funds and health insurance funds, net of any related liabilities, are included in this classification.

Unrestricted – This component of net position consists of the net amount of assets and liabilities that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is LES' policy to use restricted resources first, then unrestricted resources as needed.

Classification of Revenues and Expenses

Beginning in 2025, in accordance with GASB Statement No. 103, *Financial Reporting Model Improvements*, LES reports operating revenues and expenses as all revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses.

Payment In Lieu of Taxes

LES makes a payment in lieu of taxes, equal to 5% of its electric retail revenues derived within the city limits of incorporated cities and towns served. In 2025, LES transferred a total of \$13,970,000 to the City of Lincoln,

Lancaster County, Lincoln Public Schools and the City of Waverly for payment in lieu of taxes. The accrued liability for payment in lieu of taxes was \$14,800,000 as of December 31, 2025.

City Dividend for Utility Ownership (CDFUO)

In 2011, the Lincoln City Council approved an ordinance requiring LES to pay an annual dividend to the City of Lincoln for the city's ownership of LES. As amended in 2020, the ordinance states that LES shall remit to the City a dividend for utility ownership in an amount equivalent to 2.4% of the Total Net Position (Net Assets) of LES, as of December 31, based upon the most recent audited year-end financial statements. The dividend is remitted to the City semiannually on the 20th day of February and August each year. Each payment represents 50% of the annual dividend payment. In 2025, LES submitted CDFUO payments totaling \$13,719,000.

The CDFUO is assessed on all retail customer billings and is treated as a noncapital subsidy received on the Statement of Revenues, Expenses and Changes in Net Position. LES records the expense for the CDFUO as a noncapital subsidy provided on the Statement of Revenues, Expenses and Changes in Net Position. The accrued liability for CDFUO was \$5,097,000 as of December 31, 2025.

Recent Accounting Pronouncements, adopted

GASB Statement No. 102, *Certain Risk Disclosures*, was issued in December 2023, effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide users of the government's financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. LES adopted this statement in 2025 and determined that there are no additional required disclosures or impacts to LES' financial position, operating results, or cash flows.

GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued in April 2024, effective for fiscal years beginning after June 15, 2025. LES early adopted this statement in 2025. See Note 2 - Accounting Change for additional information regarding this implementation.

Recent Accounting Pronouncements, not yet adopted

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, was issued in September 2024, effective for fiscal years beginning after June 15, 2025. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets and intangible right-to-use assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets should also be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class and it requires additional disclosures for capital assets held for sale. LES is currently assessing the disclosure impact of adopting this statement.

GASB Statement No. 105, *Subsequent Events*, was issued in December 2025, effective for fiscal years beginning after June 15, 2026. This statement clarifies the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events, in addition to specifying the information items that are required to be disclosed about subsequent events. The objective of this statement is to improve the financial reporting requirements for subsequent events by enhancing consistency in their application and better meeting the information needs of financial statement users. LES is currently assessing the disclosure impact of adopting this statement.

Note 2: Accounting Change

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*, to enhance the financial reporting model's effectiveness in providing information essential to decision-making and assessing a government's accountability. This statement requires LES to reclassify line items on the financial statements. Material reclassifications that affected the Statement of Revenues, Expenses, and Changes in Net Position include reclassifying City Dividend for Utility Ownership revenues from the operating revenues section into a new section, following operating income, called Noncapital Subsidies. Additionally, Payment in lieu of taxes expense and City Dividend for Utility Ownership expense will be reclassified from the Nonoperating Revenues (Expenses) section into the new Noncapital Subsidies section. For more information on the classification of revenues and expenses, please refer to the *Classification of Revenues and Expenses* policy included in Note 1. Other financial reporting requirements established by this statement that affect LES, but did not have a material impact, were modifications to the required supplementary information included in the Management's Discussion and Analysis. This statement had no impact on beginning net position.

Note 3: Deposits and Investments

Deposits

State statute requires banks to issue a bond or pledge government securities to LES for the amount of utility deposits being held. The statute allows pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC). LES' cash deposits are insured up to \$250,000 by the FDIC.

Investments

LES may invest in U.S. government securities and agencies, federal instrumentalities, instrumentalities of the United States, repurchase agreements, corporate issues, money market mutual funds, interest-bearing time deposits or savings accounts, state and/or local government taxable and/or tax-exempt debt, and other fixed-term investments, as designated in LES Policy 510 (Investments).

Interest Rate Risk

Interest rate risk is the potential for changes in interest rates to adversely affect an investment's fair value. It is LES' intent to buy and hold securities to maturity, which reduces interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Corporate issues, state and/or local government taxable and/or tax-exempt debt, and money market funds are the only current investment types that require a minimum specific rating. All such investments held as of December 31, 2025, meet the minimum credit rating required by LES' investment policy at the time of purchase. Any investment that falls below the minimum credit rating requirement in LES' investment portfolio will follow the pre-approved guidelines within the investment policy.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, LES would be unable to recover the value of its investment securities held by an outside party. LES manages this risk by holding all investments in LES' name, as required by LES' investment policy.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with the amount of investments LES has with any one issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. LES' investment policy places limits on the amount that may be invested in any one type of investment and/or issuer. Investment authorization is measured at the time of acquisition.

Fair Value Measurements

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction among market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. A hierarchy of three levels of inputs may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable, or can be corroborated by observable market data, for the full term of the assets or liabilities.

Level 3 – Unobservable inputs, supported by little or no market activity, and are significant to the fair value of the assets or liabilities.

Money market mutual funds are carried at cost and are therefore not included within the fair value hierarchy.

The table below presents the fair value measurement of LES' assets recognized in the accompanying financial statements, measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurement falls at year-end.

As of December 31, 2025, LES had the following investments (dollars in thousands).

	Carrying Value	Maturities in Years		Credit Ratings Moody's / S&P	Fair Value Hierarchy Level
		Less Than 1	1-5		
Money market mutual funds	\$ 24,677	\$ 24,677	\$ -	Aaa	N/A
U.S. Treasury securities	102,455	102,455	-	Aaa/AA+	1
U.S. agency obligations	26,988	24,386	2,602	P-1/A-1+	2
Corp. Issues (Commercial Paper)	40,849	33,446	7,403	P-1/A-1	2
	<u>\$ 194,969</u>	<u>\$ 184,964</u>	<u>\$ 10,005</u>		

Investment Type	Portfolio Composition	Limits of Individual Issuers	Maturity Limitations
U.S. government securities	100%	None	10 years
U.S. government agencies	100%	None	10 years
Federal instrumentalities	100%	None	10 years
Instrumentalities of the U.S.	20%	5%	10 years
Interest-bearing time deposit or savings accounts	100%	15%	5 years
Repurchase agreements	50%	15%	90 days
Corporate issues	50%	5%	-
Banker's acceptances	-	-	180 days
Commercial paper	-	-	270 days
Corporate notes	-	-	5 years
Money market mutual funds	100%	25%	N/A
State and/or local government taxable and/or tax-exempt debt	30%	5%	3 years
Other fixed-term investments	25%	25%	5 years

On December 31, 2025, LES had the following investment concentrations.

U.S. sponsored agency obligations

Federal Home Loan Bank 7.89%

Summary of Carrying Values

Deposits and investments were included in the following Statement of Net Position captions on December 31, 2025.

	2025
	(Dollars in thousands)
Current Assets	
Cash and cash equivalents	
Operating cash and cash equivalents	\$ 98,932
Rate stabilization fund	41,995
Total cash and cash equivalents	<u>140,927</u>
Restricted cash, cash equivalents and investments	
Bond principal and interest funds	18,196
Segregated funds - customer deposits	1,151
Health and dental claims funds	2,779
Total restricted cash, cash equivalents and investments	<u>22,126</u>
Noncurrent Assets	
Restricted cash and investments	
Bond reserve funds	9,110
Segregated funds - developer deposits	21,587
Health and dental claims reserve funds	1,219
Total restricted cash and investments	<u>31,916</u>
Total	<u>\$ 194,969</u>

Rate Stabilization Fund

LES maintains a Rate Stabilization Fund (RSF) to mitigate risks arising from unforeseen or one-time events that may have a significant financial impact on LES. It is not the intent to fund routine rate adjustments with funds from the RSF. Deposits to and withdrawals from the RSF are subject to approval by the LES

Administrative Board. An annual liquidity study determines the target RSF balance and evaluates the probability and financial impact of LES' risks, as determined via the Enterprise Risk Management program.

The RSF balance was \$41,995,000 as of December 31, 2025.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows (dollars in thousands).

	January 1, 2025	Increases	Decreases	Transfers	December 31, 2025
Construction work in progress (not depreciated)	\$ 157,487	\$ 85,775	\$ (2,294)	\$ (24,624)	\$ 216,344
Utility plant	1,872,206	2,272	(2,906)	24,624	1,896,196
Less: Accumulated depreciation	(966,867)	(42,149)	5,200	-	(1,003,816)
Totals	<u>\$ 1,062,826</u>	<u>\$ 45,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,108,724</u>

Note 5: Leases

LES accounts for leases in accordance with GASB 87 which establishes a single model for lease accounting on the foundational principle that leases are financings of the right to use an underlying asset. See *Leases* policy in Note 1 for additional information.

LES as a Lessee

There were no lease agreements deemed material for reporting under GASB 87 as of December 31, 2025.

LES as a Lessor

LES leases communication tower space to third parties. The leases have contract terms which expire between 2027 and 2060. The leases were measured at lease commencement. The lease receivables balance for these agreements was \$7,615,000 on December 31, 2025, of which \$330,000 is presented as current, and \$7,285,000 as long-term on the Statement of Net Position. LES recognized \$531,000 of lease revenue and \$217,000 of lease interest income for the year ended December 31, 2025.

Note 6: Subscription-Based Information Technology Arrangements (SBITAs)

LES accounts for SBITAs in accordance with GASB 96, which establishes an accounting model for subscription assets. See *Subscription-Based Information Technology Arrangements (SBITAs)* policy in Note 1 for additional information.

LES has entered into several SBITAs with subscription terms ranging from one to four years. As of December 31, 2025, SBITA assets totaling \$7,140,000 and associated accumulated amortization of \$2,978,000 are included in utility plant and accumulated depreciation, respectively, on the Statement of Net Position. There were no SBITA impairments as of December 31, 2025.

The following table summarizes future SBITA principal and interest payments as of December 31, 2025 (dollars in thousands).

Year Ending December 31	Principal	Interest	Total
2026	\$ 1,372	\$ 113	\$ 1,485
2027	686	54	740
2028	465	28	493
2029	<u>188</u>	<u>8</u>	<u>196</u>
Total	<u>\$ 2,711</u>	<u>\$ 203</u>	<u>\$ 2,914</u>

Note 7: Long-Term Debt and Liabilities

Long-term debt on December 31, 2025, was presented on the Statement of Net Position as shown below.

	Date Callable	(Dollars in thousands)
Serial Bonds		
2015 Electric revenue and refunding, 3.00% - 5.00%, due from Sep. 1, 2019 to 2036; partially refunded in 2020	2025	\$ 29,065
2016 Electric revenue and refunding, 3.00% - 5.00%, due from Sep. 1, 2017 to 2034	2027	65,960
2018 Electric revenue, 3.00% - 5.00%, due from Sep. 1, 2025 to 2034	2027	114,900
2020A Electric revenue, 5.00%, due from Sep. 1, 2025 to 2033	2030	70,740
2020B Electric revenue refunding, taxable, 0.40% - 2.10%, due from Sep 1, 2023 to 2037	N/A	136,540
Term Bonds		
2015 Electric revenue and refunding, 4.00%, due Sep. 1, 2040	2025	40,710
Long-term debt		457,915
Bond issuance premiums		23,268
Less: current maturities of long-term debt		<u>(37,580)</u>
Long-term debt, net		<u>\$ 443,603</u>

Long-term debt and liability activity for the year ended December 31, 2025, was as follows (dollars in thousands).

	January 1, 2025	Increase	Decrease	December 31, 2025	Due Within One Year
Revenue bonds	\$ 493,655	\$ -	\$ (35,740)	457,915	\$ 37,580
Bond issuance premiums	28,799	-	(5,531)	23,268	-
Developer performance deposits	25,120	7,252	(8,988)	23,384	2,058
Health and dental plan reserve	1,163	72	-	1,235	-
Software liabilities	2,433	1,697	(1,419)	2,711	1,372
Totals	<u>\$ 551,170</u>	<u>\$ 9,021</u>	<u>\$ (51,678)</u>	<u>\$ 508,513</u>	<u>\$ 41,010</u>

Debt service requirements for LES' revenue bonds as of December 31, 2025, were as follows (dollars in thousands).

Bond Year Ending August 31	Principal	Interest	Total
2026	\$ 37,580	\$ 16,807	\$ 54,387
2027	39,325	15,063	54,388
2028	40,915	13,458	54,373
2029	42,640	11,735	54,375
2030	43,885	10,485	54,370
2031-2035	189,165	28,290	217,455
2036-2040	<u>64,405</u>	<u>7,378</u>	<u>71,783</u>
Totals	<u>\$ 457,915</u>	<u>\$ 103,216</u>	<u>\$ 561,131</u>

All long-term debt is issued for the construction of additional utility plant, refunding of existing debt, or to reimburse LES for prior capital expenditures. All utility revenues after payment of operation and maintenance expenses are pledged for revenue bonds until the bonds are paid or defeased.

Debt Service for 2025 was \$53,776,000. Total gross revenues as reported in the Statement of Revenues, Expenses and Changes in Net Position for the same period were \$396,323,000.

Revenue and Refunding Bonds

There were no bond issuances in 2025.

As a result of refundings, the assets and related liabilities for certain defeased bonds are not included in LES' financial statements.

Bond reserves are set in accordance with terms stated upon issuance. All reserves are fully funded.

Revolving Credit Agreement

On April 6, 2023, LES entered into a revolving credit agreement with Bank of America National Association. The agreement allows LES to draw up to \$50,000,000 on a variable rate basis. The revolving credit agreement with Bank of America National Association will expire in April 2026. Electric revenues secure the agreement. No amounts were outstanding on the agreement as of December 31, 2025.

Also in 2023, LES entered a revolving credit agreement with Union Bank and Trust Company. The revolving credit agreement allows LES to draw up to \$50,000,000 on a variable rate basis. The agreement was executed on July 12, 2023, and will expire on August 12, 2026. The Union Bank and Trust Company revolving credit agreement is secured by electric revenues and is subordinate to the Bank of America National Association revolving credit agreement. No amounts were outstanding on the agreement as of December 31, 2025.

Note 8: Short-Term Obligations

Commercial Paper

Established by city ordinance, LES may borrow up to \$150,000,000 under a Commercial Paper Program. The payment of the Commercial Paper Notes is subordinated to the payment of the principal of, and interest, on the outstanding bonds. LES issued a total of \$84,500,000 of additional Commercial Paper Notes in 2025, bringing the total amount outstanding to \$150,000,000 on December 31, 2025. The notes mature at various dates, but no more than 270 days after the date of issuance. The weighted average interest rate was 2.87% for the year ended December 31, 2025. The outstanding Commercial Paper Notes are secured by a revolving credit agreement with JPMorgan Chase Bank, National Association, that expires on August 19, 2027. No advances were outstanding under the revolving credit agreement as of December 31, 2025. The revolving credit agreement, which secures LES' Commercial Paper Program, also includes a Note Purchase Agreement that allows LES the ability to borrow money on a short-term basis. No amounts were outstanding under the Note Purchase Agreement as of December 31, 2025. Amounts outstanding under the Note Purchase Agreement reduce the amount available under the revolving credit agreement.

LES uses Commercial Paper Notes as part of its long-term financing strategy. As such, commercial paper is typically renewed as it matures. The weighted-average length of maturity of Commercial Paper in 2025 was 55 days.

Commercial Paper activity for the year ended December 31, 2025, was as follows (dollars in thousands).

	January 1, 2025	Increase	Decrease	December 31, 2025	Due Within One Year
Commercial Paper Notes	\$ 65,500	\$ 620,000	\$ (535,500)	\$ 150,000	\$ 150,000

Note 9: Regulatory Assets and Liabilities

Rates for LES' regulated operations are established and approved by the LES Administrative Board and Lincoln City Council. LES applies the regulated operations provision of GASB Codification Section Re10, *Regulated Operations*, which provides for the deferral of expenses that are expected to be recovered through

customer rates over a future period (regulatory assets), and reductions in earnings to cover future expenditures (regulatory liabilities).

Regulatory assets are included in other noncurrent assets on the Statement of Net Position. They are amortized in future rate periods when such costs are included in the revenue requirements to establish electric rates.

The composition of regulatory assets on December 31, 2025, was as follows.

(Dollars in thousands)	
Improvement costs on projects in which LES participates	\$ 6,698
Bond issuance costs	1,456
Totals	<u>\$ 8,154</u>

Regulatory liabilities are recorded as a deferred inflow of resources (reductions of future billings) on the Statement of Net Position, representing revenues related to the outcomes of Winter Storm Uri. The remaining deferred revenue was recognized during 2025 and there was no related regulatory liability as of December 31, 2025.

Note 10: Jointly Owned Facilities

Laramie River Station (LRS)

LES owns a 12.76% share of the Missouri Basin Power Project (MBPP) including LRS, a three-unit, 1,710-MW coal-fired generating station, in eastern Wyoming, and a related transmission system. LES has sold approximately 28 MW, or 13%, of its ownership in LRS to the Municipal Energy Agency of Nebraska (MEAN). Costs, net of accumulated depreciation, and excluding costs allocated to MEAN, for its ownership share associated with LRS of \$46,436,000, are reflected in utility plant on the Statement of Net Position on December 31, 2025.

LES has a participation power sales agreement with the County of Los Alamos, New Mexico (the County), under which the County purchases from LES, approximately 10 MW or 5% of LES' capacity interest in LRS. The section of the agreement that provides for the County to pay LES monthly payments for the capital budget, processing and dispatch costs, was amended in September 2016. The monthly payments are subject to true-up based on actual LRS costs (as compared to budget). The agreement remains in effect until the final maturity of any LRS-related debt or until LRS is removed from commercial operation. LES billed the County \$2,114,000 in 2025 for demand and energy charges.

LRS has certain post-retirement obligations, which have not yet been billed to the owners, as these costs are not due and payable. Thus, LES has not reflected these costs in its financial statements. As a co-owner of LRS, LES' allocation of these post-retirement obligations was \$1,338,000 on December 31, 2025.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, established accounting standards for recognition and measurement, of a liability for an asset retirement obligation, and associated asset

retirement cost. In accordance with this standard, LES, as a participant in MBPP, recognizes asset retirement obligations for the reclamation of wells, landfills and ash ponds.

LES recorded the following amounts as asset retirement obligations, which are offset by a deferred outflow of resources on the Statement of Net Position.

(Dollars in thousands)

Asset retirement obligations:	
Obligation, beginning of year	\$ 2,973
Additional obligations	539
Accretion	295
Liabilities settled	<u>(422)</u>
Obligation, end of year	<u>\$ 3,385</u>

Walter Scott Energy Center #4

MidAmerican Energy Company (MEC) WSEC includes four coal-fired units. LES maintains an ownership interest of 12.66%, or 104 MW of WSEC #4. The 811-MW, coal-fired plant was completed in 2007. To minimize unit outage risk LES executed a power purchase and sales agreement with MEC to “swap” capacity and energy from LES’ WSEC #4 ownership with capacity and energy from WSEC #3. Under this agreement, LES schedules 50 MW of capacity and energy from WSEC #3 and 53 MW from WSEC #4. This 20-year agreement can be extended through mutual agreement of the parties. LES is responsible for the operation and maintenance expenses and maintains a fuel inventory at the plant site. LES issued debt in conjunction with the construction of WSEC #4 and has capitalized these costs plus interest. Costs, net of accumulated depreciation associated with WSEC #4 of \$100,487,000, were reflected in utility plant on the Statement of Net Position on December 31, 2025.

Note 11: Jointly Governed Organizations

District Energy Corporation (DEC)

DEC was formed in 1989 by the City of Lincoln and Lancaster County to own, operate, maintain and finance the heating and cooling facilities utilized by certain city, county and state buildings. The DEC Board of Directors is comprised of five members: two appointed by the Lancaster County Board of Commissioners, two appointed by the mayor of Lincoln, who the City Council must confirm, and one appointed by LES. No participant has any obligation, entitlement or residual interest.

Under a management agreement, the DEC Board of Directors has appointed LES to supervise and manage the system and business affairs of DEC. LES is reimbursed for these management services based on the actual allocated cost. LES also provides electric energy to DEC on an established rate schedule. The total amount of payments to LES for management operations and maintenance services in 2025 was \$2,904,000. The total amount of payments to LES for energy in 2025 was \$1,093,000.

Note 12: Employee Benefit Plans

Retirement Plan

LES has a Defined Contribution Retirement Savings Plan, created in accordance with Internal Revenue Code Section 401(k) (401k Plan). Vanguard Fiduciary Trust Company serves as the plan custodian for the 401(k) Plan. The LES Administrative Board established the 401(k) Plan under its authority and is responsible for approving all amendments to the 401(k) Plan. LES' contribution is equal to 200% of the employee contributions, up to 5% of applicable compensation for eligible employees hired prior to January 1, 2011. The contributory rate for eligible employees hired after that date is equal to 100% of the employee contribution, up to 10% of applicable compensation. Vesting of LES matching contributions occurs over a three-year period, with 100% vesting after three years of service.

Employees who have not met the vesting criteria forfeit the employer's matching contributions at termination, which are used to reduce LES' future matching contribution obligations. Forfeitures reduced LES' contributions by \$95,000 in 2025. Vested benefits are fully funded. December participant contributions of \$308,000 were accrued in accounts payable as of December 31, 2025.

Contribution information for 2025 is shown in the table below:

(Dollars in thousands)	
Employer contributions	\$ 6,294
Employee contributions	<u>6,783</u>
Totals	<u>\$ 13,077</u>

LES also offers all eligible employees a Deferred Compensation Plan that is created in accordance with Internal Revenue Code Section 457(b). LES' 457(b) Plan custodian, Vanguard Fiduciary Trust Company, manages the 457(b) Plan's assets. The 457(b) Plan permits employees to defer a portion of their salary until termination, retirement, or death. LES does not match any employee contributions to the 457(b) Plan.

Assets and liabilities of the 401(k) Plan and 457(b) Plan are not included in the LES financial statements, as all plan assets are held, managed and administered by the plan custodian. The 401(k) Plan and 457(b) Plan are not considered to be component units or fiduciary activities of LES under the applicable accounting guidance.

Employee Health and Dental Insurance

LES has self-funded health and dental insurance programs with claims processed by a third-party administrator on behalf of the utility. A separate fund has been established into which accruals are made and from which actual claims and other program costs are paid. As part of the health plan, a reinsurance policy has been purchased to cover claims in excess of \$150,000 per individual. Accruals to the self-insured account in excess of the claims, and other costs paid, are monitored by LES. Health care claims and fees incurred (prior to reduction for premium payments from participants) were \$11,380,000 for the year ending December 31, 2025.

As required by Nebraska law, LES maintains an Incurred But Not Reported (IBNR) claims reserve, which is actuarially determined. The balance of the IBNR reserve was \$1,235,000 on December 31, 2025. LES established two separate bank accounts for the self-funded employee health and dental insurance plan reserves to ensure compliance with statutory requirements. Although not required by the statute, LES maintains excess insurance that limits the total claims liability for each plan year to not exceed more than 125% of the expected claims liability, up to an annual aggregate maximum of \$1,000,000.

Note 13: Derivatives

LES utilizes Auction Revenue Rights (ARRs) and Transmission Congestion Rights (TCRs) to hedge against congestion costs in the Southwest Power Pool Integrated Market (SPP IM). Awarded ARRs provide a fixed revenue stream to offset congestion costs. TCRs can be acquired through the conversion of ARRs or purchases from SPP auctions. ARRs do not meet the definition of a derivative because, once awarded, they cannot be sold, or assigned, to another party. TCRs meet the definition of a derivative; however, LES' TCRs meet the normal purchases and sales scope exception, of the applicable accounting guidance, because they are used by LES as factors in the cost of transmission. As such, GASB guidance for derivative accounting does not apply. Accrued liabilities included \$2,603,000 of ARRs as of December 31, 2025.

Note 14: Risk Management

Insurance

LES is exposed to various risks of loss related to liability and property. LES carries commercially available insurance, subject to certain limits and deductibles, to reduce the financial impact of claims arising from such matters. Claims have not exceeded this coverage in any of the three preceding years.

To protect against other risks, LES participates in the City of Lincoln's self-insurance program, administered by the City's Risk Management Division. Premium amounts are paid annually to the city's Risk Management Division. LES continues identifying, evaluating, and mitigating inherent business risks as part of its Enterprise Risk Management (ERM) Program. LES has implemented a formalized process to expand the scope of risk identification and awareness. Throughout the organization, divisions and departments are encouraged to participate in the identification of risks, implementation of controls, and the mitigation assessment process.

Risk oversight is the responsibility of the LES Executive Team and assigned risk owners. Executive team members, risk owners and subject matter experts manage current risks and recommend new risks as needed. The LES Administrative Board maintains a high-level awareness of significant risks facing LES, potential impacts, and related controls and mitigation strategies. To guide employees in their decision-making, the LES Administrative Board has adopted the following as the risk appetite statement for LES:

Risks will be managed in a manner that will not materially jeopardize LES' ability to serve its customers, achieve its performance targets, and maintain its AA-bond rating. LES has high standards of safety, regulatory, legal, and ethical conduct.

The active participation and engagement of the LES Administrative Board and executive management support the success of LES' ERM Program. A report reflecting the status of LES' ERM Program is presented annually to the LES Administrative Board. Enhancements to the ERM Program are ongoing and will increase risk awareness throughout the organization. The information gathered will improve risk control and mitigation efforts to support LES' strategic plan, prioritize the use of LES resources for decision-making and eliminate duplicative efforts.

LES has a Commercial Risk Management Team (CRMT) to manage the risks associated with operating in the SPP IM. The CRMT provides general oversight of the financial, market and other risk exposures related to operating in the SPP IM. Members of the CRMT include the following LES employees: Energy and Environmental Operations manager (CRMT Chair), chief executive officer, Power Supply vice president, vice president & chief financial officer, vice president & general counsel, and Energy Management supervisor.

Note 15: Commitments and Contingencies

Western Area Power Administration (WAPA)

LES has an allocation from the U.S. Department of Energy, through WAPA, of firm power under contract from Upper Missouri Basin hydroelectric plants of approximately 54 MW. LES also receives an allocation of 72 MW of firm peaking power from WAPA for the six-month summer season and 22 MW for the remaining months. In 2017, LES signed an amendment that extends the contract from 2021 through 2051.

Participation Contracts with Nebraska Public Power District (NPPD)

During 2025, LES had a participation contract in one existing NPPD coal-fired power plant that provided for an entitlement of 8% (109 MW) of the output of the Gerald Gentleman Station (GGS) power plant (nominally rated 1,365-MW).

LES is responsible for its respective participating interests in GGS capital additions and improvements. LES recognizes its share of capital acquisition costs and debt service payments, as power costs in the period the costs are billed, except costs approved for deferral under GASB Codification Section Re10, *Regulated Operations*. Fixed cost payments under the agreement are made on a participation basis, whether the plant is operating or operable.

The participation contract for GGS continues until the facilities are removed from commercial operation or the final maturity of the related debt incurred by NPPD to finance the facilities, whichever occurs later. The payments to NPPD under this contract, including capital additions and improvements, debt service payments, fixed costs and credits, were \$8,776,000 in 2025. Through the participation contract, LES may be required to pay costs associated with compliance with environmental regulations for GGS.

Other Power Purchase Agreements

LES participates in three wind plants through direct Power Purchase Agreements with the plant developer/owner: 100-MW Arbuckle Mountain Wind Farm in Oklahoma, 100-MW Buckeye Wind Energy Center in Kansas, and 73-MW Prairie Breeze II Wind Energy Center in Nebraska. In 2015 these wind energy facilities were placed in commercial operation. LES also participates in four Nebraska-based wind plants through

Power Sales Agreements with NPPD: Laredo Ridge (10 MW), Broken Bow (10 MW), Elkhorn Ridge (6 MW) and Crofton Bluffs (3 MW). NPPD has a direct Power Purchase Agreement for each of these plants with the wind plant developer or owner.

In 2025, LES entered into a Power Purchase Agreement with Central Nebraska Public Power and Irrigation District for 21.6 MW of capacity and energy from the Jeffrey Reservoir Hydroplant located in western Nebraska. In addition, LES began receiving capacity from the Bluestem Wind Project in Oklahoma in 2025. LES entered into an agreement with Google for all capacity associated with the full 198 MW project, consisting of 60 wind turbines. This agreement, which expires in 2031, does not include any energy or renewable attributes.

Commitments for Contracts over One Million Dollars

LES has outstanding contract commitments totaling \$3,938,000 on December 31, 2025. These are primarily contracts to construct a new metal building at Rokeby Generating Station to store additional equipment used for site maintenance and operations which are currently stored in Conex boxes and a five-year contract to purchase 345 kV circuit breakers as needed.

Claims and Judgments

From time to time, LES is party to various claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel, that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the financial statements of LES.

Note 16: Environmental Regulations

Electric utilities are subject to ongoing environmental regulation. Federal, state and local standards that regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory, executive and judicial action regarding such standards and procedures. Consequently, there is no assurance that LES' facilities will remain subject to the regulations currently in effect, that future requirements can be anticipated with certainty, or that compliance will not require operational changes, capital investment or permitting modifications. An inability to comply with environmental standards could result in additional capital and operating expenditures, reduced operating levels, or the complete shutdown of individual units under certain circumstances. LES will make applications to the appropriate federal and state authorities for any permits, certifications and renewals as required for the operations of its existing plants and for the construction of capital additions and improvements.



Lincoln Electric System

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

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SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

The following is a summary of certain provisions of the Ordinance. Summaries of certain definitions contained in the Ordinance are set forth below. Other terms defined in the Ordinance for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Ordinance and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Copies of the Ordinance may be obtained from Lincoln Electric System or its Financial Advisor.

Definitions

The following are summaries of certain definitions in the Ordinance.

“*Accreted Value*” means, with respect to any Capital Appreciation Bond or Capital Appreciation Parity Obligation, the principal amount thereof plus the interest accrued thereon from the date of original issuance thereof to the Periodic Compounding Date next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds or Capital Appreciation Parity Obligation set forth in such Series Ordinance or Parity Instrument, respectively, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in such Series Ordinance or Parity Instrument, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

“*Aggregate Debt Service*” for any period means, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Bonds and Parity Obligations.

“*Appreciated Value*” means, with respect to any Deferred Income Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Deferred Income Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the Periodic Compounding Date next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Bonds set forth in the Series Ordinance authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Series Ordinance authorizing such Deferred Income Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

“*Authorized Investments*” means any investments in which the City may legally invest sums subject to its control pursuant to the Constitution and statutes of the State of Nebraska and the Charter of the City (all as may be amended from time to time).

“*Board*” means Lincoln Electric System Administrative Board created and established pursuant to Chapter 4.24 of the Municipal Code of the City.

“*Bond*” or “*Bonds*” means any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Ordinance but shall not mean Parity Obligations or Subordinated Indebtedness.

“*Bond Obligation*” means, as of any date of calculation, (1) with respect to any Outstanding Current Interest Bond, the principal amount of such Bond, (2) with respect to any Outstanding Capital Appreciation Bond, the Accreted Value thereof as of the date on which interest on such Capital Appreciation Bond is compounded next preceding such date of calculation (unless such date of calculation is a date on which such interest is compounded, in which case, as of such date), and (3) with respect to any Outstanding Deferred Income Bond, the Appreciated Value thereof as of the date on which interest on such Deferred Income Bond is computed next preceding such date of calculation (unless such date of calculation is a date on which such interest is compounded, in which case as of such date).

“*Capital Appreciation Bonds*” means any Bonds the interest on which is (i) compounded periodically on dates that are specified in the Series Ordinance authorizing such Capital Appreciation Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Ordinance or the Series Ordinance authorizing such Capital Appreciation Bonds.

“*Capital Appreciation Parity Obligations*” means any Parity Obligations the interest with respect to which is (i) compounded periodically on dates that are specified in such Parity Obligation or in the Parity Instrument authorizing such Parity Obligation and (ii) payable only at the maturity, earlier redemption or prepayment or other payment thereof pursuant to the Parity Instrument authorizing such Capital Appreciation Parity Obligation.

“*Costs,*” with respect to the Electric System or any part thereof, means the costs, expenses and liabilities paid or incurred or to be paid or incurred by the City in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, operating, maintaining, repairing, extending, improving, reconstructing, retiring, decommissioning and disposing thereof and the obtaining of governmental approvals, certificates, permits and licenses with respect thereto, including, but not limited to, any good faith or other similar payment or deposits required in connection with the acquisition or construction of such part of the Electric System, the cost of acquisition by or for the City of real and personal property or any interests therein, costs of physical construction of such part of the Electric System and costs of the City incidental to such construction or acquisition, the cost of acquisition of fuel or fuel inventory or facilities for the production or transportation of fuel and for additional fuel inventories, all costs relating to injury and damage claims relating to such part of the Electric System, preliminary investigation and development costs, engineering fees and expenses, contractors’ fees and expenses, the costs of labor, materials, equipment and utility services and supplies, legal and financial advisory fees and expenses, interest and financing costs, including, without limitation, bank commitment and letter of credit fees and bond insurance and indemnity premiums, fees and expenses of the Fiduciaries, if any, administration and general overhead expense and costs of keeping accounts and making reports required by the Ordinance prior to or in connection with the completion of acquisition or construction of such part of the Electric System, amounts, if any, required by the Ordinance to be paid into the Bond Fund to provide, among other things, for interest accruing on Bonds and to provide for such reserves, if any, as may be specified in a Series or Supplemental Ordinance or to be paid into the Electric Revenue Fund for any of the respective purposes thereof, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the City with respect to the Electric System and reserves therefor, and all federal, state and local taxes and payments in lieu of taxes in connection with any part of the Electric System and shall include reimbursements to the City for any of the above items theretofore paid by or on behalf of the City.

“*Credit Facility*” means a letter of credit, line of credit, liquidity facility or other credit facility issued by a financial institution or other form of credit enhancement, including, but not limited to, municipal bond insurance and guarantees, delivered to the Paying Agent for all or a portion of a Series of Bonds, which provides for payment, in accordance with the terms of such Credit Facility, of principal, Accreted Value, Appreciated Value, premium and/or interest of all or a portion of a Series of Bonds and/or the purchase price of such Series of Bonds or portion thereof. A Credit Facility may be comprised of one or more credit facilities issued by one or more financial institutions.

“*Current Interest Commencement Date*” means with respect to any particular Deferred Income Bonds, the date specified in the Series Ordinance authorizing such Deferred Income Bonds (which date must be prior to the maturity date for such Deferred Income Bonds) after which interest accruing on such Deferred Income Bonds shall be payable periodically on dates specified in such Series Ordinance, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

“*Debt Service*” for any period means, as of any date of calculation and with respect to any Series of Bonds or Parity Obligations, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series or such Parity Obligations, except to the extent that such interest is to be paid from deposits in the Bond Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of the City (including amounts, if any, transferred thereto from the Construction Fund) or from the proceeds of such Parity Obligations and (ii) that portion of each Principal Installment for such Series or Parity Obligation which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for Bonds of such Series or Parity Obligation (or, if (a) there shall be no such preceding Principal Installment due date or (b) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series or Parity Obligation, whichever date is later). Such interest and Principal Installments for such Series or Parity Obligations shall be calculated on the assumption that (x) no Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (y) the principal amount of Option Bonds tendered for payment before the stated maturity thereof shall be deemed to accrue on the date required to be paid pursuant to such tender, and (z) no Principal Installment with respect to any Parity Obligation will be paid except by reason of the payment of such Principal Installment on the due date thereof.

“*Deferred Income Bonds*” means any Bond issued under the Ordinance as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the Series Ordinance authorizing such Deferred Income Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Ordinance or the Series Ordinance authorizing such Deferred Income Bonds.

“*Derivative Obligations*” means, to the extent permitted by law, any financial arrangement entered into by the City for the purposes of moderating interest rate fluctuations or otherwise and may include any interest rate swap agreement, currency swap agreement, forward payment conversion agreement, future, or contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, or a contract to exchange cash flows or a series of payments, or any other exchange or rate protection transaction agreement, including, without limitation, interest rates floors, caps or collars, options, rates or call to a hedge payment, currency, rate, spread, or similar exposure or any similar contract (however designated).

“*Derivative Payment*” means any payment required to be made by the City with respect to a Derivative Obligation.

“*Electric System*” means all properties and assets, and interests in properties and assets, real and personal and tangible and intangible, of the City now or hereafter existing used for or pertaining to (a) the generation, transmission, distribution and sale of electric power and energy or (b) such other activities and transactions as the Board and the City shall from time to time determine, and shall be broadly construed to encompass and include all Projects, and all electric production, transmission, distribution, conservation, load management, general plant and other related facilities, equipment or property and any mine, well, pipeline, plant, structure or other facility for the development, production, manufacture, storage, fabrication or processing of fossil, nuclear or other fuel of any kind or any facility or rights with respect to the supply of water, in each case for use, in whole or in major part, in any of the City’s electric generating plants, now existing and hereafter acquired by lease, contract, purchase or otherwise or constructed by the City, including any interest or participation of the City in any such facilities or any rights to the output or capacity thereof, together with all additions, betterments, extensions and improvements to said Electric System or any part thereof hereafter made and together with all lands, easements and rights of way of the City and all other works, property or structures of the City and contract rights and other tangible and intangible assets of the City used or useful in connection with or related to said Electric System, including without limitation a contract right or other contractual arrangement for the long-term or short-term interconnection, interchange, exchange, pooling, wheeling, transmission, purchase or sale of electric power and energy and other similar arrangements with entities having generation and transmission capabilities and located within or without the City or the State of Nebraska. Without limiting the generality of the foregoing, the term “Electric System” shall include (1) the properties and assets for the generation, transmission and distribution and sale of electric power and energy owned by the City on the date of passage of the Ordinance and (2) all additions, extensions, expansions, improvements, betterments and equipments hereafter made thereto. “Electric System” shall not include any properties or interests in properties of the City which the Board and the City, in accordance with the provisions of the Ordinance, determines shall not constitute a part of the Electric System.

“*Federal Securities*” means direct obligations of, or obligations the timely payment of which are unconditionally guaranteed by, the United States of America or the Treasury Department of the United States of America or securities or receipts evidencing direct ownership interests in the foregoing obligations or specific portions (such as principal or interest) of the foregoing obligations which are maintained under the book entry system operated by Federal Reserve Banks.

“*General Ordinance*” means Ordinance No. 17879 adopted by the City Council on July 23, 2001.

“*Independent Consultant*” means an independent firm, person or corporation recognized as having expertise and with a favorable reputation for special skill and knowledge in the operations and financing of municipal electric light and power facilities and systems similar in size to the Electric System.

“*Lincoln Electric System*” means all assets, properties and employees under the jurisdiction and control of the Board as set forth in Chapter 4.24 of the Municipal Code.

“*Municipal Obligations*” means municipal obligations, rated in the highest Rating Category by any Rating Agency, meeting the following conditions:

- (a) the municipal obligations are not to be redeemable prior to maturity, or the trustee with respect to such obligations has been given irrevocable instructions concerning their calling and redemption;

(b) the municipal obligations are secured by Federal Securities, which Federal Securities, except for provisions relating to surplus moneys not required for the payment of the municipal obligations and the substitution of such Federal Securities for other Federal Securities satisfying all criteria for Federal Securities, may be applied only to interest, principal and premium payments of such municipal obligations;

(c) the principal of and interest on the Federal Securities (plus any cash in the escrow fund) are sufficient, without reinvestment, to meet the liabilities of the municipal obligations; and

(d) the Federal Securities serving as security for the municipal obligations are held by an escrow agent or trustee.

“*Net Revenues*” shall mean Revenues less Operation and Maintenance Expenses paid from Revenues.

“*Operation and Maintenance Expenses*” shall mean all of the costs and expenses for operation, maintenance, and ordinary repairs, renewals and replacements of the Electric System, including all costs of purchasing, producing and delivering electric power and energy from the Electric System and reserves for items of Operation and Maintenance Expenses the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, costs of purchased power, fuel costs, costs of transmission service, generating capacity reserve service, regulation, or other interchange and coordination services, rents, administrative and general expenses, engineering expenses, legal, accounting and financial advisory expenses, payments to pension, retirement, health and hospitalization funds, taxes, payments in lieu of taxes and other governmental charges, insurance and surety bond premiums including obligations to a stock mutual or reciprocal insurance company or exchange, and any other current expenses or obligations required to be paid by the City under the provisions of the Ordinance or by law or regulation, all to the extent properly allocable to the Electric System, and any fees and expenses incurred in the administration of the Bonds, Parity Obligations and Subordinated Indebtedness. Operation and Maintenance Expenses shall include obligations of the City for a defined purchase price, lease obligations and Derivative Payments to the extent the same are treated as operation and maintenance expenses pursuant to generally accepted accounting principles for electric utilities. Operation and Maintenance Expenses shall not include any allowance for depreciation.

“*Option Bonds*” shall mean Bonds which by their terms may or are required to be tendered by and at the option of the Owner thereof for payment by the City prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Owner thereof.

“*Ordinance*” means the General Ordinance, as amended, modified or supplemented from time to time by any Series Ordinance or Supplemental Ordinance.

“*Outstanding*” means (1) when used as of any particular time with reference to Bonds, all Bonds theretofore, or thereupon being, authenticated and delivered by the Registrar under the Ordinance except (a) Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation (or in the case of Book Entry Bonds, to the extent provided in the Ordinance, portions thereof deemed to have been canceled); (b) Bonds (or in the case of Book Entry Bonds, to the extent provided in the Ordinance, portions thereof with respect to which all liability of the City shall have been discharged in accordance with the Ordinance); (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Registrar pursuant to the Ordinance; and (d) Bonds no longer deemed to be outstanding hereunder as provided in the Series Ordinance pursuant to which such Bonds were issued; (2) when used as of any particular time with reference to Prior Lien Bonds, all Prior Lien Bonds deemed outstanding within the meaning of the respective Prior Lien Bond Ordinances;

and (3) when used as of any particular time with reference to Parity Obligations, all Parity Obligations deemed outstanding or not satisfied within the meaning of the Parity Instrument authorizing such Parity Obligations.

“*Owner*,” whenever used in the Ordinance with respect to a Bond, means the person in whose name such Bond is registered.

“*Parity Instrument*” means an instrument pursuant to which the City shall have provided for the issuance of Parity Obligations.

“*Parity Obligations*” means any indebtedness or other obligation of the City, including, but not limited to Derivative Payments, and all other payments or other obligation of the City, with respect to the Electric System and in each case having a lien and charge upon, or being payable from, the Net Revenues on a parity with the Bonds.

“*Paying Agent*” means the financial institution, selected by the CEO to act as Paying Agent with respect to a Series of Bonds in accordance with the provisions of the Ordinance.

“*Payment Date*” means, with respect to a Series of Bonds or Parity Obligations, the date upon which any principal, Accreted Value, Appreciated Value or Redemption Price, and interest thereon is payable to the registered owners of such Series of Bonds or Parity Obligations.

“*Principal Installment*” means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding or with respect to any Outstanding Parity Obligation, (i) the principal amount of Bonds (including the principal amount of any Option Bonds tendered for payment prior to the stated maturity thereof) of such Series or Parity Obligation due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the Ordinance) of any Sinking Fund Installments due on a certain future date for Bonds of such Series or Parity Obligation, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bond, or Parity Obligation on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series and different Parity Obligations, the sum of such principal amount of Bonds and Parity Obligations and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

“*Prior Lien Bonds*” means the bonds issued and outstanding pursuant to the Prior Lien Bond Ordinances.

“*Prior Lien Bond Ordinances*” shall mean Bond Ordinance Nos. 11902, 11904, 12202, 14556, 16188, 16416, 16417 and 17288 of the City.

“*Project*” means any electric generation, transmission, distribution and general plant facilities, together with any other property necessary, desirable or advisable for such activities as the Board is authorized to undertake, and all other property, real and personal, of every kind and nature material or pertinent thereto or necessary therefor, located within or without the City or the State of Nebraska, which may be used or useful in the generation, transmission, distribution, sale, purchase, exchange or interchange of electric power and energy, and in the supplying of electric power and energy to all those contracting with the City therefor and such other activities as the Board is authorized to undertake, as provided in the Act, including any interest therein or right to capacity thereof, and may include, without limitations, a divided or undivided interest in any electric generation, transmission, distribution or general plant facility in which the City shall participate as an owner in common with others, a contract right or other contractual

arrangement for the short-term or long-term provision of electric power and energy, transmission and other services to the City on a prepaid basis and the acquisition of water and fuel of any kind for such purposes, including the acquisition of water rights, fuel deposits and facilities for the development, production, processing, manufacture, fabrication, transportation and storage of water and fuel.

“Prudent Utility Practice” means any of the practices, methods and acts which, in the exercise of reasonable judgment, in the light of the facts (including, but not limited to, any practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) known at the time the decision was made, could have been expected to accomplish the desired result at reasonable cost consistent with reliability, safety and expediency. In applying the standard of Prudent Utility Practice to any matter under the Ordinance, equitable consideration shall be given to the circumstances, requirements and obligations of the City, and there shall be taken into account the fact that the City is a political subdivision of the State of Nebraska with prescribed statutory powers, duties and responsibilities. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability, safety and expediency. Prudent Utility Practice includes due regard for manufactures’ warranties and the requirements of governmental agencies which have jurisdiction.

“Registrar” means the person or institution, which may include the City Treasurer or the Finance Director or his designee, or such other agent or official of the City as may be designated in a Series Ordinance to maintain on behalf of the City books of record in which the registered owners of the Bonds authorized by such Series Ordinance and their registered addresses shall be duly recorded.

“Revenues” means (i) all revenues, income, rents and receipts derived by the City from or attributable to the ownership and operation of the Electric System, including all revenues attributable to the Electric System or to the payment of the costs thereof received by the City under any contract for the sale of power, energy, transmission or other service from the Electric System or any part thereof or any contractual arrangement with respect to the use of the Electric System or any portion thereof or the services, output or capacity thereof, (ii) the proceeds of any insurance covering business interruption loss relating to the Electric System and (iii) interest received on any moneys or securities held pursuant to the Ordinance; provided, however, that Revenues shall not include (i) any revenues, receipts, rents, money or funds in aid of construction and income to the City when acting in the capacity of project manager with respect to a Project, (ii) customer deposits, or (iii) amounts received upon the sale, exchange or disposition of assets pursuant to the provisions of the General Ordinance.

“Sinking Fund Installment” shall mean an amount so designated which is established pursuant to a Series Ordinance authorizing a Series of Bonds and which is required by the Ordinance to be deposited in the Bond Fund for the payment of Term Bonds of such series and maturity.

“Subordinated Indebtedness” shall mean an evidence of indebtedness or obligation to pay money complying with the provisions of the Ordinance requiring that the payment of the principal of and interest on the same be payable, and shall be expressed to be, subordinated in all respects to the security interest in and pledge created by the Ordinance as security for the Bonds.

“Variable Rate Indebtedness” means any indebtedness or obligation the interest rate on, or amount of, which is not fixed at the time of incurrence of such indebtedness or obligation, and has not at some subsequent date been fixed, at a single numerical rate for the entire remaining term of the indebtedness or obligation.

Pledge

The Bonds of each Series are special limited obligations of the City and are secured by a pledge of and shall be a charge upon and shall be payable, as to the principal, Accreted Value and Appreciated Value thereof, interest thereon, and any premiums upon redemption thereof, solely from and secured by a lien upon (i) the Net Revenues, subordinate to the lien thereon of the Prior Lien Bonds pursuant to the Prior Lien Bond Ordinances, and (ii) the other funds, assets and security described under the General Ordinance and under the Series Ordinance creating that Series. In the General Ordinance, the City pledges and places a charge upon all Net Revenues, subordinate only to the lien thereon of the Prior Lien Bonds pursuant to the Prior Lien Bond Ordinances, to secure the payment of the principal, Accreted Value and Appreciated Value of, premium, if any, and interest on the Bonds and Parity Obligations in accordance with their respective terms without priority or distinction of one over the other, subject only to the provisions of the General Ordinance, permitting the application thereof for the purposes and on the terms and conditions set forth herein, and the Net Revenues constitute a trust for the security and payment of the interest and any premium on and principal, Accreted Value and Appreciated Value of the Bonds and Parity Obligations subordinate only to the lien thereon of the Prior Lien Bonds pursuant to the Prior Lien Bond Ordinances. The City pledges to secure the payment of the principal, Accreted Value and Appreciated Value of and premium, if any, and interest on the Bonds in accordance with their terms all amounts (including proceeds of the Bonds) held by the City in the Bond Fund, subject only to the provisions of the Ordinance permitting the application thereof for the purposes and on the terms and conditions set forth herein. The pledge of Net Revenues herein made shall remain in effect until there are no Bonds or Parity Obligations Outstanding.

Application of Revenues

Net Revenues are pledged by the City to payment of principal of and interest and redemption premium on the Bonds of all series and Parity Obligations, subject to the provisions of the Ordinance permitting application for other purposes. For the application of Revenues, the Ordinance establishes an Electric Revenue Fund, a Bond Fund and a Construction Fund held by the City.

The Ordinance establishes with the City the Electric Revenue Fund into which all Revenues of the Electric System shall be deposited; provided, however, that for so long as (1) any Prior Lien Bonds are Outstanding and (2) any Notes are Outstanding, the City shall (i) continue and maintain all funds and accounts established by the Prior Lien Bond Ordinances or the Note Ordinance, as appropriate, and (ii) except as provided in a Series Ordinance authorizing the issuance of a Series of Bonds and providing for the deposit of a portion of the proceeds of such Series of Bonds into one or more of the funds established by the Ordinance, deposit Revenues into the Electric Revenue Fund and make deposits to the funds and accounts as provided by the Ordinance only after the deposits and payments required to be made by the Prior Lien Bond Ordinances and the Note Ordinance, as appropriate, have been made.

Not less than three (3) Business Days prior to any Payment Date for a Series of Bonds the City shall pay from the Electric Revenue Fund into the Bond Fund the Debt Service due on such Series of Bonds on such Payment Date; provided that, for the purposes of computing the amount to be deposited in the Bond Fund, there shall be excluded from such deposit the amount, if any, set aside in the Bond Fund from the proceeds of Bonds, Parity Obligations, Subordinated Indebtedness or other evidences of indebtedness of the City (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on such Series of Bonds; provided, however, that so long as there shall be held in the Bond Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal, mandatory sinking fund payments, Accreted Value, Appreciated Value or applicable Redemption Price and all interest which could become payable thereon), no transfers shall be required to be made to the Bond Fund.

Construction Fund

The General Ordinance establishes a Construction Fund to be held by the City. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the General Ordinance and any Series Ordinance, and there may be paid into the Construction Fund, at the option of the Board, any moneys received for or in connection with the Electric System by the City from any other source, unless required to be applied otherwise as provided by the Bond Ordinance. Amounts in the Construction Fund shall be applied to the Costs of the Electric System in the manner provided in the Ordinance.

The Board shall make payments from the Construction Fund in the amounts, at the times, in the manner and on the other terms and conditions established by a resolution of the Board.

To the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on Bonds when due. Amounts credited to the Construction Fund which the Board at any time determines to be in excess of the amounts required for the purposes thereof shall be transferred to the Electric Revenue Fund; provided, however, that the amount of any such credit to the Electric Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Ordinance.

Bond Fund

The Board shall pay out of the Bond Fund to the respective Paying Agents not less than three (3) Business Days before (i) each Payment Date for any of the Bonds the amount required for the interest and principal; and (ii) before any redemption date for the Bonds, the amount required for the payment of interest on and the Redemption Price of the Bonds then to be redeemed.

Debt Service Reserve Fund

The City may, but shall not be required to, establish a debt service reserve fund or account for a Series of Bonds issued pursuant to a Series Ordinance, each of which shall be for the benefit and security such Series of Bonds, in the manner and to the extent provided in the Series Ordinance establishing each such fund or account. The entity that shall hold any such account or fund, the amounts to be deposited therein, and any other matters and things relative to such account or fund which are not contrary to or inconsistent with the General Ordinance as theretofore in effect, shall be set forth in such resolution or Series Ordinance establishing such account or fund or any Series Ordinance thereafter adopted in connection therewith.

Investment of Funds and Accounts

Unless limited by the provisions of a Series Ordinance, all amounts held in any fund or account established under the General Ordinance may be invested and reinvested as shall be provided in the applicable policies established from time to time by the Board which investment shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds and accounts. Any Paying Agent shall make all such investments of moneys held by it in accordance with written instructions received from any Authorized Representative. If any Paying Agent does not receive any such written instructions, such Paying Agent shall invest such fund in such Federal Securities as the Paying Agent shall determine.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in any fund or account shall be paid into the respective fund or account in which such investment is held; provided, however, that at the direction of

the Board, such interest earned on moneys or investments in any such fund or account or any portion thereof shall be paid into the Construction Fund. Interest earned on any moneys or investments in the Construction Fund shall be held in the Construction Fund for application as provided in the General Ordinance or paid into the Electric Revenue Fund.

Obligations purchased as an investment of moneys in any fund or account created under the provisions of the Ordinance shall be deemed at all times to be a part of such fund or account and any profit realized from the liquidation of such investment shall be credited to such fund or account and any loss resulting from the liquidation of such investment shall be charged to such fund or account.

In computing the amount in any fund or account created under the provisions of the Ordinance for any purpose provided in the Ordinance, obligations purchased as an investment of moneys therein shall be valued as provided in the applicable policies established by the Board from time to time.

Covenant as to Rates, Fees and Charges

Subject to any rate regulation by any state or federal regulatory authority, the City and the Board will fix, establish, maintain and collect such rates, charges and fees for electric power and energy and services furnished by the Electric System and to the extent legally permissible, revise such rates, charges and fees to produce Revenues each Fiscal Year sufficient:

- (i) to pay all Operation and Maintenance Expenses;
- (ii) to produce Net Revenues, after deducting amounts expended during the Fiscal Year from the Net Revenues for the payment of debt service requirements of the Prior Lien Bonds, equal to an amount sufficient to pay the annual debt service due and payable in such Fiscal Year of the then Outstanding Bonds and Parity Obligations; and
- (iii) to pay after deducting the amounts determined in (i) and (ii) above, all other financial obligations of the Electric System reasonably anticipated to be paid from Revenues.

If the Net Revenues in any Fiscal Year are less than the aggregate amount described above, the City and the Board shall within sixty (60) days from the date of receipt of the annual audit for such Fiscal Year either (a) cause such rates and charges to be revised and adjusted to comply with the requirements set forth in this paragraph or (b) obtain a written report from an Independent Consultant after a review and study of the operations of the Electric System has been made concluding that, in their opinion, the rates and charges then in effect for the current Fiscal Year are sufficient or adjustments and revisions need to be made to such rates and charges to comply with the provisions set forth under the heading "Covenant as to Rates, Fees and Charges" and such adjustments and revisions to electric rates and charges are promptly implemented and enacted in accordance with such Independent Consultant's report.

Certain Other Covenants

Creation of Liens; Sale and Lease of Property. (a) The City shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than the Bonds or Parity Obligations, payable out of or secured by a security interest in or pledge or assignment of the Net Revenues or other moneys, securities or funds held or set aside by the City, the Board or by any Paying Agent under the Ordinance and shall not create or cause to be created any lien or charge on the Net Revenues or such moneys, securities or funds; provided, however, that nothing contained in the Ordinance shall prevent the City from issuing, if and to the extent permitted by law (i) evidences of indebtedness (A) payable out of moneys in the Construction Fund as part of the costs of the Electric System, or (B) payable out of, or secured

by a security interest in or pledge or assignment of, Net Revenues to be received on and after such date as the pledge of the Net Revenues provided in the Ordinance shall be discharged and satisfied as provided in Article X of the General Ordinance, or (ii) Subordinated Indebtedness.

(b) To the extent and in the manner provided by law, the Board may sell, exchange or otherwise dispose of property, facilities and assets of the Electric System at any time and from time to time having a fair market value not to exceed \$5,000,000 annually, as such amount shall be indexed based on the Consumer Price Index for All Urban Consumer for the U.S. City Average for All items, 1982-84 = 100 (the "CPI") in effect on the date of adoption of the General Ordinance. Furthermore, the Board, to the extent and in the manner provided by law, may lease, contract, or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights to the properties and facilities of the Electric System. The proceeds of any such sale, exchange or disposal of property or facilities shall be used (i) to provide for the payment and redemption of Bonds or Parity Obligations or (ii) to acquire capital assets for any Electric System purpose.

Maintenance of Insurance. (a) The Board shall at all times use its best efforts to keep or cause to be kept the properties of the Electric System which are of an insurable nature and of the character usually insured by those operating properties similar to the Electric System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. The Board shall at all times use its best efforts to maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the Electric System. The Board shall only be required to obtain such insurance if the same is available at reasonable rates and upon reasonable terms and conditions.

In lieu of obtaining policies for insurance as provided above, the City may self-insure against risks, accidents, claims or casualties described above, or such risks, accidents, claims or casualties may be covered under one or more blanket insurance policies maintained by the City or the Board.

Reconstruction; Application of Insurance Proceeds. If any useful portion of the Electric System shall be damaged or destroyed, the Board shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Board. The proceeds of insurance covering such property, together with any other funds available for such purpose as the Board in its sole discretion shall determine, shall be used to repair the property damaged or replace the property destroyed; provided, however, if the insurance proceeds and other funds that might be lawfully appropriated therefore are insufficient to repair or replace the damaged property, then such insurance proceeds received for the damaged or destroyed property shall be deposited to the credit of a special insurance account or fund until other funds become available which, together with funds on deposit to the credit of such special insurance account, will be sufficient to make the repairs or replacements to the property damaged or destroyed that resulted in such insurance proceeds or make other improvements to the Electric System.

Records and Accounts. The Board shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Electric System and each fund and account established under the Ordinance, and which, together with all other books and papers of the Board or the City, including insurance policies, relating to the Electric System, shall upon reasonable advance notice and during regular business hours, be subject to the inspection of the Owners of an aggregate of not less than 5% in principal amount of the Bonds and Parity Obligations then Outstanding or their representatives duly authorized in writing.

Amendment of General Ordinance

The General Ordinance and the rights and obligations of the Board or the City and of the Owners of the bonds may be amended by a Supplemental Ordinance with the written consent of the Owners of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such Supplemental Ordinance is only applicable to a Series of Bonds, the Bonds of that Series) then Outstanding; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this paragraph.

No such modification or amendment may (A) extend the fixed maturity of any Bond, or reduce the amount of Bond Obligation thereof, or extend the time of payment or reduce the amount of any Sinking Fund Installment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, (B) reduce the aforesaid percentage of Bond Obligation the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Revenues and other assets pledged under the General Ordinance prior to or on a parity with the lien created by the General Ordinance, or deprive the Owners of the Bonds of the lien created by the General Ordinance on such Net Revenues and other assets (in each case, except as expressly provided in the General Ordinance), without the consent of the Owners of all of the Bonds then Outstanding.

Without the consent of the Owners, the City may adopt a Supplemental Ordinance or Series Ordinance which (1) adds covenants and agreements of the City or the Board; (2) cures any ambiguity, omission, defect or inconsistent provision in the General Ordinance; (3) permits the qualification of the General Ordinance under the Trust Indenture Act of 1939 or any similar federal statute and add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially and adversely affect the interests of the Owners; (4) authorizes Bonds of an additional series; (5) maintains the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion; (6) makes any modification which is to be effective only after all Bonds of each series Outstanding as of the date of the adoption of such Supplemental Ordinance cease to be Outstanding; (7) authorizes Subordinated Indebtedness; (8) authorizes the establishment such funds or accounts as the Board may determine to be necessary, desirable, advisable or in the best interests of the Board and the City, and, in connection therewith, to specify and determine the matters and things referred to in the General Ordinance or to modify any such matters and things in any other respect whatsoever; or (9) any other purpose which, in the determination of the Board, does not materially and adversely affect the interest of the Owners of any of the Bonds.

Defeasance

Except as may be provided in any Series Ordinance authorizing a Series of Bonds, Bonds of any Series may be paid by the City in any of the following ways:

- (a) by paying or causing to be paid the Bond Obligation of and interest on all Bonds Outstanding of the Series, as and when the same become due and payable;
- (b) by depositing with the Paying Agent, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in the General Ordinance) to pay or redeem all Bonds Outstanding of the Series; or

(c) by delivering to the Paying Agent, for cancellation by it, all Bonds then Outstanding of the Series.

Upon the deposit with the Paying Agent, an escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the General Ordinance) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, irrevocable notice of such redemption shall have been given as provided in the General Ordinance or provision satisfactory to the Registrar and Paying Agent shall have been made for the giving of such notice, then all liability of the City in respect of such Bond shall cease, terminate and be completely discharged; provided that the Owner thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on such Bond, and the City shall remain liable for such payment, but only out of such money or securities deposited as aforesaid for their payment, subject, however, to the provisions of the General Ordinance and the continuing duties of the Registrar and Paying Agent.

Whenever in the General Ordinance it is provided or permitted that there be deposited with or held in trust by the Paying Agent, an escrow agent or other fiduciary, money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the General Ordinance and shall be one or more of the following:

(i) lawful money of the United States of America in an amount equal to the Bond Obligation of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV of the General Ordinance or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, the amount to be deposited or held shall be the Bond Obligation or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) non-callable Federal Securities or Municipal Obligations, the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Paying Agent for which payment is being made (upon which opinion the Paying Agent may conclusively rely), provide money sufficient to pay the Bond Obligation or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such Bond Obligation or Redemption Price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the General Ordinance or provision satisfactory to the shall have been made for the giving of such notice.

Events of Default; Remedies

Events of Default. Each of the following events shall be an “Event of Default”:

(a) Default by the City or the Board in the due and punctual payment of the principal, Accreted Value or Appreciated Value of, or premium, if any, on any Bond (whether at maturity, by acceleration, call for redemption or otherwise);

(b) Default by the City or the Board in the due and punctual payment of the interest on any Bond and such default shall continue for a period of thirty (30) days after the due date for the payment of such interest;

(c) Failure of the City or the Board to observe and perform any of its other covenants, conditions or agreements under the Ordinance or in the Bonds for a period of 90 days after written notice from the Owners of 25% in aggregate amount of Bond Obligation of the Bonds then outstanding, specifying such failure and requesting that it be remedied, or in the case of any such default that cannot with due diligence be cured within such 90 day period, failure of the City and the Board to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence;

(d) (1) Failure of the Board generally to pay its debts as the same become due, (2) commencement by the Board of a voluntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law, (3) consent by the Board to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for the Board, the Electric System or any substantial part of the Board's property, or to the taking possession by any such official of the Electric System or any substantial part of the Board's property, (4) making by the Board of any assignment for the benefit of creditors, or (5) taking of corporate action by the Board in furtherance of any of the foregoing;

(e) The entry of any (1) decree or order for relief by a court having jurisdiction over the Board or its property in an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law, (2) appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the City, the Board, the Electric System or any substantial part of the City's property, or (3) order for the termination or liquidation of the City, the Board, the Electric System or affairs of any of them;

(f) Failure of the City or the Board within 90 days after the commencement of any proceedings against either of them under the Federal bankruptcy laws prior any other applicable Federal or state bankruptcy, insolvency or similar law, to have such proceedings dismissed or stayed; or

(g) Any Event of Default under the Prior Lien Bond Ordinances shall occur and shall not be cured as provided by the Prior Lien Bond Ordinances.

Remedies Upon Occurrence of an Event of Default. Upon the happening and continuance of any event of default, then and in every such case the Owners of not less than twenty-five percent (25%) of the Bond Obligation may appoint any state bank, national bank, trust company or national banking association qualified to transact business in the State of Nebraska to serve as trustee for the benefit of the Owners of all Bonds then outstanding (the "Receiver"). Notice of such appointment, together with evidence of the requisite signatures of the Owners of twenty-five percent (25%) of the Bond Obligation and the trust instrument under which the Receiver shall have agreed to serve shall be filed with the City and the Board with a copy to the Receiver and notice of such appointment shall be mailed to the Owners of the Bonds. After the appointment of a Receiver under the Ordinance, no further Receivers may be appointed; however, the Owners of a majority of the Bond Obligation may remove the Receiver initially appointed and appoint a successor and subsequent successors at any time. If the default for which the Receiver was appointed is cured or waived pursuant to the Ordinance, the appointment of the Receiver shall terminate with respect to such default.

After a Receiver has been appointed pursuant to the foregoing, the Receiver may proceed, and upon the written request of Owners of twenty-five percent (25%) of the Bond Obligation shall proceed, to protect and enforce the rights of the Owners under the laws of the State of Nebraska, including the Act, and under

the Ordinance, by such suits, actions or special proceedings in equity or at law, or by regulatory or administrative proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained therein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, all as the Receiver, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy against the City or the Board, under the Ordinance the Receiver shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City or the Board, for principal, interest or other sums due under any provisions of the Ordinance or of such Bonds and unpaid, with interest on overdue payments of principal and, if permitted by law, at the rate or rates of interest specified in such Bonds, together with any and all reasonable costs and expenses of collection and of all proceedings under the Ordinance and under such Bonds without prejudice to any other right or remedy of the Receiver or of the Owners, and to recover and enforce any judgment or decree against the City or the Board, but solely as provided therein and in such Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Electric Revenue Fund, as the case may be, and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

Directions to Receiver as to Remedial Proceedings. Anything in the Ordinance to the contrary notwithstanding, the Owners of a majority of the Bond Obligation shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Receiver, to direct the method and place of conducting all remedial proceedings to be taken by the Receiver under the Ordinance, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Ordinance, and that the Receiver shall have the right to decline to follow any such direction which in the opinion of the Receiver would be unjustly prejudicial to Owners not parties to such direction.

Pro Rata Application of Funds. (a) Anything in the Ordinance to the contrary notwithstanding, if at any time the moneys in the Electric Revenue Fund, shall not be sufficient to pay the principal Accreted Value, Appreciated Value or Redemption Price of or the interest on the Bonds as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Ordinance or otherwise, shall be applied as follows:

(i) Unless the principal of all the Bonds and Parity Obligations shall have become due and payable, all such moneys shall be applied (A) to the payment of all installments of interest then due on the bonds and the interest component of Parity Obligations then due, in the order of the maturity of the installments of such interest, to the persons entitled thereto, ratable, without any discrimination or preference, and (B) to the payment of all installments of principal of Bonds and Parity Obligations then due.

(ii) If the principal of all the Bonds and Parity Obligations shall have become due and payable, all such moneys shall be applied to the payment of the principal Accreted Value, Appreciated Value or Redemption Price or interest then due and unpaid upon the Parity Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bonds or Parity Obligations over any other Bonds or Parity Obligations, ratable, according to the amounts due, respectively, for principal or interest to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bond and Parity Obligations.

(b) Whenever moneys are to be applied by the Receiver pursuant to the provisions stated above, such moneys shall be applied by the Receiver at such times, and from time to time, as the Receiver in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the setting aside of such moneys, in trust for the proper purpose, shall constitute proper application by the Receiver; and the Receiver shall incur no liability whatsoever to the City, to the Board, to any Owner or to any other person for any delay in applying any such moneys, so long as the Receiver acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Ordinance as may be applicable at the time of application by the Receiver. Whenever the receiver shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Receiver shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue, the Accreted Value of Capital Appreciation Bonds shall cease to accrete and the Appreciated Value of any Deferred Income Bond. The Receiver shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond unless such Bond shall be presented to the Receiver for appropriate endorsement or for cancellation if fully paid.

Restrictions on Actions by Individual Owners. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Ordinance or for any other remedy thereunder unless such Owner previously shall have given to the Receiver written notice of the event of default on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than twenty-five percent (25%) of the Bond Obligation shall have made written request of the Receiver after the right to exercise such powers or right of action, as the case may be, shall have accrued and shall have afforded the Receiver a reasonable opportunity either to proceed to exercise the powers granted in the Ordinance or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Receiver reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal), and the Receiver shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Receiver, to be conditions precedent to the execution of the powers and trusts of the Ordinance or for any other remedy under the Ordinance. It is understood and intended that no one or more Owners of the Bonds secured by the Ordinance shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Ordinance, or to enforce any right under the Ordinance, except in the manner provided in the Ordinance, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Ordinance and for the benefit of all Owners, and that any individual rights of action or any other right given to one or more of such Owners by law are restricted by the Ordinance to the rights and remedies provided in the Ordinance.

Nothing contained in the Ordinance, however, shall affect or impair the right of any Owner individually, to enforce the payment of the principal of and interest on his Bond or Bonds at and after the maturity thereof, at the time, place, from the source and in the manner provided in the Ordinance.

2024 ORDINANCE

The following is a summary of certain provisions of the 2024 Ordinance as they apply to the 2026 Bonds. Summaries of certain definitions contained in the 2024 Ordinance are set forth below. Other terms defined in the 2024 Ordinance for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the 2024 Ordinance and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Copies of the 2024 Ordinance may be obtained from Lincoln Electric System or its Financial Advisor.

2026 Debt Service Reserve Fund. (a) The City shall establish a 2026 Debt Service Reserve Fund to be held by the Board into which an amount equal to \$_____ shall be deposited upon the issuance of the 2026 Bonds. The 2026 Debt Service Reserve Fund shall be maintained in an amount equal to six (6) months' interest on the 2026 Bonds Outstanding on the date of such computation, as such amount may be reduced from time to time. All amounts deposited into the 2026 Debt Service Reserve Fund shall be held and administered in accordance with the provisions set forth below.

(b) If any withdrawal from the 2026 Debt Service Reserve Fund is made for the purpose of subsection (c)(i) below, the amount of such withdrawal shall be restored by the Board in no more than 12 substantially equal, consecutive, monthly installments, each payable on the last Business Day of the month, commencing with the month in which the withdrawal is made; provided that, if any withdrawal is made and if, prior to the restoration of the amount withdrawn, an additional withdrawal is made, such additional withdrawal shall be restored in equal monthly installments over the remainder of the restoration period for the initial withdrawal.

(c) Any money on deposit in the 2026 Debt Service Reserve Fund shall be applied as follows:

(i) On the date of each required payment from the Bond Fund, moneys in the 2026 Debt Service Reserve Fund shall be applied to cure any deficiency in the Bond Fund with respect to the 2026 Bonds.

(ii) Any amount in the 2026 Debt Service Reserve Fund in excess of the Reserve Requirement relative to the 2026 Bonds shall be transferred to the Bond Fund and credited against the payments of the principal and interest next becoming due on the 2026 Bonds.

(iii) On the interest payment date immediately preceding the final maturity date of 2026 Bonds, money held in the 2026 Debt Service Reserve Fund shall be deposited into the Bond Fund and credited against the deposits required to be made into the Bond Fund with respect to the 2026 Bonds but only to the extent that, immediately following such crediting and transfer, the amount on deposit in the 2026 Debt Service Reserve Fund is equal to the lesser of (A) the Reserve Requirement and (B) the amount of principal and interest due in respect of the 2026 Bonds on such final maturity date.

(d) The City and the Board shall be permitted to substitute a letter of credit, surety bond or other credit enhancement (each, a "credit facility") for funds on deposit in either the 2026 Debt Service Reserve Fund, provided that:

(i) the credit facility (including any replacement credit facility) is issued by a bank, trust company, national banking association or insurance company whose unsecured long term debt obligations (in the case of a bank, trust company or national banking association) or whose claims paying abilities (in the case of an insurance company) are rated not lower than the "AAA" Rating

Category by a Rating Agency at the time the credit facility is issued and at the time of each extension or renewal thereof;

(ii) the issuer of the credit facility does receive as security for any reimbursement obligation in respect of the credit facility a lien solely on the Net Revenues on a parity with any Bonds or Parity Obligations then Outstanding; and

(iii) the credit facility (including any replacement credit facility, if provided by a different issuer) has an initial term of not less than one year and any extension, renewal or replacement (if provided by the same issuer) thereof has a term of not less than one year;

Upon such substitution, funds on deposit in the 2026 Debt Service Reserve Fund which, when added to the face amount of the credit facility, exceed the Reserve Requirement on the Outstanding 2026 Bonds for which such 2026 Debt Service Reserve Fund was established, shall be applied as provided in subsection (c)(ii) above. Thereafter, the credit facility shall be considered a part of such 2026 Debt Service Reserve Fund and the amount available thereunder shall be included in any calculations of the amount required to be retained in such 2026 Debt Service Reserve Fund; provided that, (A) if the sum of the amount available under the credit facility and the amount of moneys on deposit in such 2026 Debt Service Reserve Fund exceed the amount required to be on deposit pursuant to subsection (a) above, the Board shall be permitted (i) to cause the amount available under the credit facility to be reduced by an amount equal to such excess, or (ii) to direct that the excess money be applied as permitted under subsection (d)(ii) above, and (B) if the credit facility is not extended, renewed or replaced at least six months prior to its scheduled expiration or termination date, unless such Debt Service Reserve Fund is otherwise terminated in accordance with the provisions set forth under heading "2026 Debt Service Reserve Fund," the Board shall be obligated to restore the difference between the Reserve Requirement and the value of such 2026 Debt Service Reserve Fund computed without regard to the credit facility prior to the expiration or termination date of such credit facility.

(e) The City and the Board shall have the option to terminate the 2026 Debt Service Reserve Fund and to have transferred to the Bond Fund all amounts held therein if the Net Revenues for each of the three preceding Fiscal Years are not less than 140% of Debt Service in such Fiscal Year on all Bond and Parity Obligations then Outstanding, based on the audited financial statements for such Fiscal Year. Upon receipt of the audits described in the preceding sentence, the Board shall transfer all amounts held in such Debt Service Reserve Fund to the Bond Fund and use the same to pay debt service on the 2026 Bonds.

(f) If, after the City and the Board have elected to terminate the 2026 Debt Service Reserve Fund in accordance with (e) above, the Net Revenues for any Fiscal Year are less than 140% of Debt Service in such Fiscal Year on all Bonds and Parity Obligations then Outstanding, the Board shall within thirty (30) days of such determination deposit into the 2026 Debt Service Reserve Fund an amount equal to the Reserve Requirement.

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by The City of Lincoln, Nebraska (the “City”), acting by and through Lincoln Electric System (“LES”), in connection with the issuance of \$_____ The City of Lincoln, Nebraska, Lincoln Electric System Revenue and Refunding Bonds, Series 2026 (the “2026 Bonds”). The 2026 Bonds are being issued pursuant to Ordinance No. 17879 and Ordinance No. 21678 adopted July 23, 2001 and November 18, 2024, respectively, by the City Council (collectively, the “Ordinance”). LES covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by LES for the benefit of the Registered and Beneficial Owners of the 2026 Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended. It being the intention of LES that there be full and complete compliance with the Rule, this Disclosure Certificate shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the SEC and its staff with respect to the Rule and in accordance with amendments to the Rule adopted or effective after the date hereof.

Section 2. Nature of the Undertaking. LES, in accordance with the Rule, hereby covenants to provide or cause to be provided:

(a) to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, (i) annual financial information and operating data of the type described in Section 3 below for each fiscal year ending on or after December 31, 2026, not later than the following May 31, and (ii) audited financial statements of LES for each fiscal year ending on or after December 31, 2026, not later than the following May 31, provided, however, that if such audited financial statements are not available by such date, they shall be filed promptly upon availability.

(b) to the MSRB in a timely manner not in excess of 10 business days after the occurrence of the event, notice of (i) any event described in Section 4, (ii) LES’ failure to provide an Annual Report on or prior to the date specified above, and (iii) any change in the accounting principles applied in the preparation of its annual financial statements or any change in its fiscal year.

Section 3. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The audited financial statements of LES for the prior fiscal year, prepared in accordance with generally accepted accounting principles and accounting practices prescribed by the Federal Energy Regulatory Commission. If LES’ audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a)(i), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report promptly upon availability.

(b) LES statistical and operating data consisting of the following information:

(i) Rating Agency Update Report; and

(ii) Financial information and operating data with respect to LES of the type included in the Official Statement with respect to the 2026 Bonds under the headings: “—LES’ Share of Laramie River Generating Station,” “—LES’ Share of Walter Scott Energy Center #4,” “—LES Local Resources,” “—LES’ Share of Gerald Gentleman Station” and “—Historical Resource Summary.” Such financial information and operating data is expected to be contained in the Rating Agency Update Report.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of LES or related public entities, which are available to the public on the MSRB’s Electronic Municipal Market Access system (“EMMA”) or which have been filed with the SEC. LES shall clearly identify each such other document so included by reference.

Each filing with the MSRB shall prominently state the date, title and CUSIP number of the 2026 Bonds and such additional identifying information as specified by the MSRB.

Section 4. Notices of Reportable Events. LES shall give, or cause to be given, notice to the MSRB of the occurrence of any of the following events with respect to the 2026 Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the 2026 Bonds or other material events affecting the tax-exempt status of the 2026 Bonds;
- (g) Modifications to rights of holders of the 2026 Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the 2026 Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar events relating to LES;
- (m) The consummation of a merger, consolidation, or acquisition involving LES or the sale of all or substantially all of the assets of LES, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) Incurrence of a financial obligation (as defined in the Rule) of LES, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of LES, any of which affect Bondholders, if material; and

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as defined in the Rule) of LES, any of which reflect financial difficulties.

Section 5. Termination of Reporting Obligation. The obligations of LES under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2026 Bonds.

Section 6. Dissemination Agent. LES may, at any time during the term of the disclosure obligation contained herein, appoint or engage a Dissemination Agent or third-party consultant to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, LES may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived as may be necessary or appropriate to achieve compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of LES, or type of business conducted by LES. Any such amendment shall be made only in a manner consistent with the Rule and any amendments and interpretations thereof by the SEC. In the event of any amendment or waiver of a provision of this Disclosure Certificate, LES shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by LES. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent LES from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate, or including any other information in any Annual Report or notice of occurrence of an event listed in Section 4, in addition to that which is required by this Disclosure Certificate. If LES chooses to include any information in any Annual Report or notice of occurrence of a listed event specified in Section 4 in addition to that which is specifically required by this Disclosure Certificate, LES shall not have any obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a listed event specified in Section 4.

Section 9. Default. In the event of a failure of LES to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the 2026 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause LES to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Ordinance, and the sole remedy under this Disclosure

Certificate in the event of any failure of LES to comply with this Disclosure Certificate shall be an action to compel performance.

Dated: _____, 2026.

LINCOLN ELECTRIC SYSTEM

By: _____
Chief Executive Officer

APPENDIX E
BOOK-ENTRY SYSTEM

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BOOK-ENTRY SYSTEM

The information relating to the Book-Entry System under this heading have been furnished by The Depository Trust Company and have not been independently verified by LES or the Underwriters. Neither the Underwriters nor LES makes any representation whatsoever as to the accuracy, adequacy or completeness of such information.

General

The Depository Trust Company (“DTC”), will act as securities depository for the 2026 Bonds. The 2026 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond Certificate will be issued for each maturity of each series of the 2026 Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC and Its Direct and Indirect Participants

DTC, the world’s largest depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests

Purchases of the 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2026 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their

ownership interests in the 2026 Bonds, except in the event that use of the book-entry system for the 2026 Bonds is discontinued.

Transfers and Exchanges of Beneficial Ownership Interests

To facilitate subsequent transfers, all 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Consents

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2026 Bonds documents. For example, Beneficial Owners of 2026 Bonds may wish to ascertain that the nominee holding the 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to LES as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal, Interest and Redemption Price

Principal, redemption proceeds and interest payments on the 2026 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Fund Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Paying Agent or LES, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption proceeds (if applicable) and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of LES or the Paying Agent, disbursement of such payments to

Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

The Beneficial Owners of the 2026 Bonds will rely on DTC's Direct or Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owner the rights of a Bondholder. No assurances can be provided that in the event of bankruptcy or insolvency of DTC or a Direct or Indirect Participant through which a Beneficial Owner holds beneficial interests in the 2026 Bonds, payment will be made by DTC or the Direct or Indirect Participant on a timely basis.

Discontinuance of DTC Services

DTC may discontinue providing its services as depository with respect to the 2026 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2026 Bond certificates are required to be printed and delivered.

LES may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, 2026 Bond certificates will be printed and delivered.

LES and the Paying Agent will not have any responsibility or obligation to Direct or Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (ii) the payment by DTC or any Direct or Indirect Participant of any amount with respect to the principal or redemption price of, or interest on, the 2026 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Resolution; (iv) the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the 2026 Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information included in this Appendix E, other than in this paragraph and the preceding bold face paragraphs, has been provided by DTC. No representation is made by LES or the Paying Agent as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date thereof.

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APPENDIX F

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

The City of Lincoln, Nebraska
Acting for and on behalf of:
Lincoln Electric System
9445 Rokeby Road
Lincoln, NE 68526

BofA Securities, Inc.
One Bryant Park, 12th Floor
New York, NY 10036

\$ _____
The City of Lincoln, Nebraska
Lincoln Electric System Revenue and
Refunding Bonds
Series 2026

Ladies and Gentlemen:

We have examined proceedings relating to the issuance by the City of Lincoln, Nebraska (the “Issuer”) of its Lincoln Electric System Revenue and Refunding Bonds, Series 2026 (the “2026 Bonds”). The 2026 Bonds are issued pursuant to Ordinance No. 17879 (the “General Ordinance”) adopted on July 23, 2001, by the City Council (the “City Council”) and Ordinance No. 21678 adopted on November 18, 2024, by the City Council (the “Twelfth Series Ordinance”). The General Ordinance and the Twelfth Series Ordinance are hereinafter collectively referred to as the “Ordinance.” Capitalized terms used and not otherwise defined in this opinion have the meanings assigned to those terms in the Ordinance.

The 2026 Bonds recite that they are issued under and pursuant to and in full compliance with the Constitution and laws of the State of Nebraska, including the Charter of the Issuer (the “Charter”), and the Ordinance.

We have examined the Constitution and statutes of the State of Nebraska, applicable provisions of the Charter, and a certified transcript of the proceedings of the Issuer authorizing or relating to the issuance of the 2026 Bonds. We have also reviewed such other documentation and certificates as we deem relevant and necessary in rendering this opinion. As to questions of fact material to our opinion, we have relied upon the certifications and representations of public officials and others in the items examined without undertaking to verify the same by independent investigation.

Based on such examination, we are of the opinion that:

1. The Issuer is validly existing as a political subdivision of the State of Nebraska (the “State”) with the power to adopt the Ordinance, perform the agreements on its part contained therein, and issue the 2026 Bonds.

2. The 2026 Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding special obligations of the Issuer.

3. The 2026 Bonds are payable solely from the net income and revenues derived by the Issuer from the operation of the Lincoln Electric System, after providing for the costs of operation and maintenance thereof. The 2026 Bonds do not constitute general obligations of the Issuer and do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision, limitation or restriction. The taxing power of the Issuer is not pledged to the payment of the 2026 Bonds.

4. The Ordinance has been duly adopted by the governing body of the Issuer and constitutes a valid and legally binding obligation of the Issuer enforceable against the Issuer. The Ordinance creates a valid lien on the revenues and other funds pledged by the Ordinance for the security of the 2026 Bonds on a parity with all Bonds issued pursuant to the General Ordinance outstanding on the date hereof. Additional Bonds and certain other obligations of the Issuer ranking on a parity with the 2026 Bonds may be issued under the conditions set forth in the Ordinance.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the 2026 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the 2026 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2026 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2026 Bonds. Interest on the 2026 Bonds may affect the federal alternative minimum tax imposed on certain corporations.

6. Under existing laws, regulations and judicial decisions, interest on the 2026 Bonds is exempt from all present Nebraska state income taxes as long as it is exempt for purposes of the federal income tax.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the 2026 Bonds (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding the perfection or priority of the lien on revenues or other funds pledged under the Ordinance or tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The obligations of the Issuer contained in the 2026 Bonds and the Ordinance, and the enforceability thereof, are subject to general principles of equity which may permit the exercise of judicial discretion, the reasonable exercise in the future by the State of Nebraska and its governmental bodies of the police power inherent in the sovereignty of the State, applicable bankruptcy, insolvency, moratorium or similar laws relating to or affecting creditors' rights generally and the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. This letter is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We have not assumed any responsibility with respect to the creditworthiness of the security for the 2026 Bonds, and our engagement as bond counsel with respect to the transaction referred to herein

terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours

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APPENDIX G

SCHEDULE OF REFUNDED BONDS*

Series	Maturity Date	Principal Amount to be Refunded	Interest Rate	CUSIP Number
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* Preliminary; subject to change.

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APPENDIX H

TENDERED BONDS*

If the Tender Offer is consummated, the final Official Statement will include a schedule of the Tendered Bonds substantially similar to the table below:

Series	CUSIP Number	Maturity Date	Interest Rate	Outstanding Principal Amount	Par Amount of Bonds Accepted for Tender	Purchase Price as a Percentage of Principal Amount
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* Preliminary; subject to change.

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