INVITATION TO OFFER BONDS FOR PURCHASE

made by the

UTILITY DEBT SECURITIZATION AUTHORITY

to the beneficial owners of all or any portion of the maturities listed on page (ii) of the

UTILITY DEBT SECURITIZATION AUTHORITY

Restructuring Bonds, Series 2016A	**Restructuring Bonds, Series 2016B**	**Restructuring Bonds, Series 2017**

THIS INVITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON DECEMBER 1, 2025, UNLESS EARLIER TERMINATED OR EXTENDED AS DESCRIBED HEREIN. TENDERED TARGET BONDS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

This Invitation to Offer Bonds for Purchase (as it may be amended or supplemented, this "Invitation") is made by the Utility Debt Securitization Authority (the "Issuer") to the beneficial owners (the "Bondowners") of certain maturities of the Issuer's Restructuring Bonds as listed on page *(ii)* hereof (the "Target Bonds"), to offer to tender all or a portion of their Target Bonds to the Issuer for purchase for consideration in the form of cash at the applicable purchase prices set forth on page *(ii)* hereof (each a "Purchase Price") for each respective CUSIP of the Target Bonds. In addition, Bondowners who tender Target Bonds will receive accrued interest ("Accrued Interest") on Target Bonds accepted for purchase from the last interest payment date to but not including the Settlement Date (as defined below). The terms and conditions of this Invitation are set forth in more detail herein.

See Sections 2, 3, 4 and 5 herein for more information on how a Bondowner may offer its Target Bonds. Target Bonds accepted by the Issuer for purchase will be paid on December 15, 2025 or such later date as the Issuer shall determine (the "Settlement Date").

The Issuer may accept all, none, or a portion of any Target Bonds tendered for purchase pursuant to this Invitation, as described more fully herein. The purchase by the Issuer of any Target Bonds tendered pursuant to this Invitation is subject to certain conditions, including without limitation, there being sufficient proceeds from the sale of Restructuring Property available to pay the purchase price of the Target Bonds and satisfaction of the Financing Conditions (as defined herein).

This Invitation is being issued as part of a plan of finance (described below) to issue the Issuer's Restructuring Bonds, Series 2025 (the "2025 Restructuring Bonds") on the Settlement Date, the proceeds of which will be used to purchase the Restructuring Property (as defined herein) from the Long Island Power Authority (the "Authority"). If issued, the 2025 Restructuring Bonds will be dated as of the Settlement Date, bear interest at the rates and mature on the dates (subject to prior redemption) described in the 2025 POS (as defined herein), as completed by a final official statement. **The purchase of any Target Bonds tendered pursuant to this Invitation is contingent upon the issuance of the 2025 Restructuring Bonds.**

Upon selling the Restructuring Property to the Issuer, the Authority will use the proceeds from that sale to (i) retire certain of the Issuer's outstanding indebtedness, (ii) finance system resiliency costs and (iii) facilitate the purchase of the Target Bonds offered to the Issuer and accepted for purchase by the Issuer in accordance with the terms of this Invitation by making available a portion of the sale proceeds to the Issuer.

However, the Issuer is under no obligation to purchase or otherwise retire any of the Target Bonds. Depending upon market conditions, structuring considerations, and the results of this Invitation, the Issuer may purchase none of the Target Bonds that are the subject of this Invitation.

The Issuer does not currently anticipate applying the proceeds of the sale of the Restructuring Property made available by the Authority to refund any Target Bonds that are not offered and accepted for purchase pursuant to this Invitation.

TARGET BONDS THAT ARE NOT OFFERED FOR PURCHASE IN RESPONSE TO THIS INVITATION, AS WELL AS TARGET BONDS WHICH THE ISSUER DOES NOT PURCHASE IN RESPONSE TO THIS INVITATION (THE "*UNTENDERED BONDS*") WILL REMAIN OUTSTANDING. UNTENDERED BONDS COULD HAVE REDUCED LIQUIDITY AND MARKET VALUE TO THE EXTENT THE OVERALL PAR AMOUNT OUTSTANDING OF A CUSIP IS REDUCED. TARGET BONDS THAT ARE OFFERED BUT NOT PURCHASED BY THE ISSUER WILL BE RETURNED TO THE RESPECTIVE BONDOWNERS THAT OFFERED SUCH TARGET BONDS.

The Issuer reserves all of its rights to optionally redeem at a redemption price of par plus accrued interest to the redemption date and defease any of the Target Bonds not purchased pursuant to this Invitation at any time. The Issuer has no present intention of making another invitation of offers to sell to it any Target Bonds, but makes no representations as to whether it will or will not in the future again invite offers to sell to it any of the Target Bonds.

To make an informed decision as to whether, and how, to offer Target Bonds, a Bondowner must carefully read this Invitation, including the Appendices hereto, and consult their account executives or other financial advisor. See Section 17 herein for more information about risks concerning this Invitation.

Any Bondowner wishing to offer Target Bonds pursuant to this Invitation should follow the procedures more fully described herein. Institutional investors with questions about this Invitation should contact the Dealer Managers or the Information Agent. Individual investors and their brokers and account executives with questions about this Invitation should contact the Information Agent.

Key Dates and Times

All of these dates and times are subject to change. All times are New York City time. Notices of changes will be sent in the manner provided for in this Invitation.

Launch Date	November 14, 2025
Expiration Date	5:00 p.m. on December 1, 2025
Notice of Results	Before 5:00 p.m. on December 2, 2025
Notice of Acceptance of Target Bonds Tendered for Purchase	At or Before 5:00 p.m. on December 5, 2025
Settlement Date	December 15, 2025

The Dealer Managers for this Invitation are:
BOFA SECURITIES, INC. (Lead Dealer Manager)
GOLDMAN SACHS & CO. LLC (Co-Dealer Manager)
LOOP CAPITAL MARKETS (Co-Dealer Manager)

The Information Agent and Tender Agent for this Invitation is:
GLOBIC ADVISORS INC.
1-212-227-9698
Document Website: www.globic.com/udsa

November 14, 2025

Invitation To Offer Bonds for Purchase

(Available to All Bondowners of Target Bonds)

TARGET BONDS:

Series	Tranche	Scheduled Maturity Date	Par Amount Outstanding	Interest Rate	CUSIP*	Par Call Date	Purchase Price†
2016A	Tranche 12	12/15/2030	$ 20,560,000	5.000%	91802RCE7	6/15/2026	101.394%
2016A	Tranche 13	12/15/2031	54,260,000	5.000	91802RCF4	6/15/2026	101.394
2016A	Tranche 14	12/15/2032	113,520,000	5.000	91802RCG2	6/15/2026	101.344
2016A	Tranche 15	12/15/2033	61,870,000	5.000	91802RCH0	6/15/2026	101.269
2016B	Tranche 15	12/15/2028	36,645,000	5.000	91802RCV9	6/15/2026	101.394
2016B	Tranche 17	12/15/2031	26,830,000	5.000	91802RCX5	6/15/2026	101.394
2016B	Tranche 18	12/15/2032	28,185,000	5.000	91802RCY3	6/15/2026	101.344
2016B	Tranche 19	12/15/2033	10,000,000	4.000	91802RDH9	6/15/2026	100.775
2016B	Tranche 20	12/15/2033	15,550,000	5.000	91802RCZ0	6/15/2026	101.269
2017	Tranche 25	12/15/2036	63,235,000	5.000	91802REJ4	12/15/2027	104.927
2017	Tranche 26	12/15/2037	62,085,000	5.000	91802REK1	12/15/2027	104.807
2017	Tranche 27	12/15/2038	69,810,000	5.000	91802REL9	12/15/2027	104.568
2017	Tranche 28	12/15/2039	82,700,000	5.000	91802REM7	12/15/2027	104.317

* Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the ABA. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. Neither the Issuer, the Dealer Managers, the Information Agent and the Tender Agent nor their respective agents or counsel assume responsibility for the accuracy of such numbers.

† Purchase Price excludes Accrued Interest. The Authority reserves the right to make changes to the Purchase Price or other terms of this Invitation, as set forth in Section 15.

This Invitation has not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission 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.

This Invitation is not being made to, and offers will not be accepted from or on behalf of, Bondowners in any jurisdiction in which the Invitation, the making of offers to sell Target Bonds or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require the Invitation to be made through a licensed or registered broker or dealer, the Invitation is being made on behalf of the Issuer by the Dealer Managers.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Invitation, including documents incorporated by specific reference herein, and the Issuer's Letter to Bondholders relating to this Invitation dated November 14, 2025, and any supplements or amendments hereto in accordance with Section 15 hereof (such letter of transmittal and any such supplements or amendments being referred to herein as the "Other Tender Materials"); and, if given or made, such information or representation may not be relied upon as having been authorized by the Issuer.

The delivery of this Invitation and the Other Tender Materials shall not under any circumstances create any implication that the information contained herein and therein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein and therein or in any attachments hereto and thereto or materials delivered herewith and therewith or in the affairs of the Issuer since the date hereof.

This Invitation and the Other Tender Materials contain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Invitation and the Other Tender Materials, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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INVITATION TO OFFER BONDS FOR PURCHASE
made by
UTILITY DEBT SECURITIZATION AUTHORITY

1. Introduction

This Invitation to Offer Bonds for Purchase (as it may be amended or supplemented, the "Invitation") is made by the Utility Debt Securitization Authority (the "Issuer") with respect to the Target Bonds listed in the table on page *(ii)* hereof, to the beneficial owners (the "Bondowners") of such Target Bonds.

Each Bondowner is invited to tender to the Issuer any or all Target Bonds with respect to which the Bondowner has a beneficial ownership interest for purchase for consideration in the form of cash at the applicable purchase prices set forth on page *(ii)* hereof (each, a "Purchase Price") for each respective CUSIP of the Target Bonds. In addition, Bondowners who tender Target Bonds will receive accrued interest on the Target Bonds tendered for purchase up to but not including the Settlement Date ("Accrued Interest"). See Sections 2, 3, 4 and 5 below for more information on how a Bondowner may offer Target Bonds pursuant to this Invitation. Subject to satisfaction of the Financing Conditions, as described herein and in the Other Tender Materials, the Target Bonds offered pursuant to this Invitation that the Issuer accepts for purchase will be paid for on the Settlement Date.

All times in this Invitation are local time in New York City.

The Target Bonds constitute a portion of the Issuer's Outstanding Restructuring Bonds (the "Outstanding Bonds"). **Outstanding Bonds, other than the Target Bonds, are not subject to this Invitation**.

This Invitation is part of a plan by the Issuer to retire a portion of the Issuer's outstanding indebtedness and thereby reduce the debt service costs payable by Long Island Power Authority (the "Authority") ratepayers. The Issuer intends to retire a portion of its indebtedness, including any Target Bonds offered by Bondowners that are accepted for purchase, using funds provided by the Authority, which the Authority initially received from the Issuer's purchase of the Restructuring Property and then made available to the Issuer for such purpose. The "Restructuring Property" is the right to impose, bill and collect certain charges upon the customers of the Long Island Power Authority and other affiliated rights. The creation of the Restructuring Property and the creation of the Issuer were both authorized by Part B of Chapter 173 Laws of New York, 2013, as amended by Chapter 58 of the Laws of New York, 2015 and Chapter 369 of the Laws of New York, 2021.

Notwithstanding any other provision of this Invitation, the Issuer has no obligation to accept for purchase any offered Target Bonds, and its obligation to pay for Target Bonds validly offered (and not validly withdrawn) and accepted pursuant to this Invitation is subject to the satisfaction of or waiver of the following conditions on or prior to the Settlement Date: (a) the successful completion by the Issuer of the issuance of a series of bonds (the "2025 Restructuring Bonds") the proceeds of which will be sufficient to (x) fund the purchase price of all Target Bonds validly offered and accepted for purchase pursuant to this Invitation and (y) pay all fees and expenses associated with the issuance of the 2025 Restructuring Bonds and this Invitation; (b) the Issuer obtaining satisfactory and sufficient economic benefit as a result of the consummation of this Invitation when taken together with the issuance of the 2025 Restructuring Bonds and after taking into account the impact on the overall structure considerations (collectively, the "*Financing Conditions*"), all on terms and conditions that are in the Issuer's best interest. The Issuer reserves the right, subject to applicable law, to amend or waive any of the conditions to this Invitation, in whole or in part, at any time prior to the Expiration Date (as defined herein) or from time to time. This Invitation may be withdrawn by the Issuer at any time prior to the Expiration Date.

The purchase of any Target Bonds is contingent upon, among other things, the issuance of the 2025 Restructuring Bonds, the sale by the Authority of the Restructuring Property, and the Authority making available a portion of the proceeds of such sale for the purpose of the Issuer purchasing such Target Bonds and to the satisfaction or waiver of the Financing Conditions and the satisfaction or waiver of the conditions to the Issuer's obligation to purchase tendered Target Bonds described in Section 14 - "Conditions to Purchase." No assurance is given that sufficient proceeds will be available to pay the Purchase Price of the Target Bonds tendered and accepted for purchase, or that the purchase of such Target Bonds will be completed. See

Section 14 – "Conditions to Purchase" below. The 2025 Restructuring Bonds are not being offered for sale by this Invitation.

The 2025 Restructuring Bonds are expected to be issued in the manner, on the terms and with the security therefor described in the Preliminary Official Statement, dated November 14, 2025 attached hereto as Appendix A (the "2025 POS"), as completed by a final official statement. **Some of the information that Bondowners may wish to consider in deciding whether to offer Target Bonds pursuant to this Invitation is contained in Appendix A hereto and the documents incorporated by specific reference in such Appendix A.**

The Issuer, the Dealer Managers (as defined herein) and the Information Agent and Tender Agent (as defined herein) will not charge any Bondowner for making an offer or if its offer is accepted and will not pay any fees payable by any Bondowner which are associated with making the offer or completing the purchase of Target Bonds.

The Issuer is under no obligation to purchase or otherwise retire any of the Target Bonds. Depending upon market conditions and the results of this Invitation, the Issuer may purchase less than the full amount sought, or it may purchase or otherwise retire none of the Target Bonds that are the subject of this Invitation.

TARGET BONDS THAT ARE NOT OFFERED FOR PURCHASE IN RESPONSE TO THIS INVITATION, AS WELL AS TARGET BONDS WHICH THE ISSUER DOES NOT PURCHASE IN RESPONSE TO THIS INVITATION (THE "*UNTENDERED BONDS*") WILL REMAIN OUTSTANDING. UNTENDERED BONDS COULD HAVE REDUCED LIQUIDITY AND MARKET VALUE TO THE EXTENT THE OVERALL PAR AMOUNT OUTSTANDING OF A CUSIP IS REDUCED. TARGET BONDS THAT ARE OFFERED BUT NOT PURCHASED BY THE ISSUER WILL BE RETURNED TO THE RESPECTIVE BONDOWNERS THAT OFFERED SUCH TARGET BONDS.

While the Issuer does not presently intend to, the Issuer reserves all of its rights to redeem or defease at any time any of the Untendered Bonds, in accordance with their terms. The Issuer has no present intention of making another invitation of offers to sell any Target Bonds, but makes no representations as to whether it will or will not in the future again invite offers to sell any of the Target Bonds.

Bondowners should read Appendix A attached hereto for further details about the Issuer's financial status and operations.

The Target Bonds are currently rated "Aaa (sf)" by Moody's Investors Service, Inc. ("Moody's"); "AAA (sf)" by S&P Global Ratings ("S&P"), and "AAA (sf)" by Fitch Ratings, Inc. ("Fitch"). The ratings of the Target Bonds by each rating agency reflect only the views of such organization and 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 can be 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 downward, suspended or withdrawn entirely by any rating agency. Any such 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 Bondowner should review these ratings and consult with its account executives or financial advisors concerning them.

None of the Issuer, the Authority, the Dealer Managers, or the Information Agent and Tender Agent make any recommendation that any Bondowner offer to tender or refrain from offering to tender all or any portion of such Bondowner's Target Bonds. Bondowners must make these decisions and should read this Invitation and the Other Tender Materials and consult with their broker, account executive, financial advisor and/or other appropriate professional in making these decisions.

The Issuer is under no obligation to purchase any of the Target Bonds for which an offer to tender has been made pursuant to the Invitation. The Issuer may decide to purchase none, all, or a portion of the tendered Target Bonds. See Sections 8, 9, and 10 for more information on the selection of tendered Target Bonds to be purchased, if any.

The Lead Dealer Manager for this Invitation is BofA Securities, Inc. The co-Dealer Managers for this Invitation are Goldman Sachs & Co. LLC and Loop Capital Markets LLC (in conjunction with the Lead Dealer Manager, the "Dealer Managers"). Institutional investors with questions about this Invitation should contact the Dealer Managers. Individual investors with questions about this Invitation should contact Globic Advisors Inc., which serves as Information Agent and Tender Agent (the "Information Agent" or the "Tender Agent") on this Invitation.

In addition to their role as Dealer Managers for the Target Bonds, BofA Securities, Inc., Goldman Sachs & Co. LLC and Loop Capital Markets LLC are also serving as underwriters (the "Underwriters") for the 2025 Restructuring Bonds described in Appendix A.

2. Expiration Date; Offers Only Through Financial Institutions; Information to Bondowners

This Invitation to Offer Bonds for Purchase will expire at 5:00 p.m. on December 1, 2025, subject to extension by the Issuer pursuant to Section 15 (the "Expiration Date"). Offers to sell Target Bonds received after 5:00 p.m. on the Expiration Date will not be considered.

All of the Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company ("DTC"). The Issuer, through the Information Agent and Tender Agent, will establish an Automated Tender Offer Program ("ATOP") account at DTC. All offers to sell Target Bonds must be made through the Issuer's ATOP account. The Issuer will not accept any offers that are not through its ATOP account. See Section 4 – "Provisions Applicable to all Offers" and Section 5 – "Transmission of Offers by Financial Institutions; DTC ATOP Account."

The Issuer, the Authority, the Dealer Managers, and the Information Agent and Tender Agent are not responsible for making or transmitting any offer to sell Target Bonds or for any mistakes, errors or omissions in the making or transmission of any offer including any failure of DTC's ATOP or other systems to operate as intended.

The Issuer may file information about this Invitation with the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board, using the CUSIP numbers for the Target Bonds listed in the table on page *(ii)* of this Invitation, which institution, together with the Information Agent and Tender Agent, are collectively referred to herein as the "Information Services." The Information Agent and Tender Agent will deliver information provided to it by the Issuer through its website, *www.globic.com/udsa*. Delivery by the Issuer of information to the Information Services will be deemed to constitute delivery of this information to each Bondowner. The Issuer, the Dealer Managers and the Information Agent and Tender Agent have no obligation to ensure that a Bondowner actually receives any information given to the Information Services.

3. Offer Denominations; Purchase Price

Authorized Denominations for Offers. A Bondowner may make an offer to sell all or a portion of Target Bonds listed on page *(ii)* hereof of a particular CUSIP that it owns in an amount of its choosing, but only in principal amounts equal to the minimum denomination of $5,000 (the "Minimum Authorized Denomination") or any integral multiple thereof. Bondowners who tender less than all of their Target Bonds must continue to hold Target Bonds in at least the Minimum Authorized Denomination.

Purchase Prices. Target Bonds may only be offered by a Bondowner for purchase by the Issuer pursuant to this Invitation at the Purchase Price for each CUSIP set forth on page *(ii)* of this Invitation. In addition to the Purchase Price of the Target Bonds accepted for purchase by the Issuer, accrued interest on such Target Bonds will be paid by, or on behalf of, the Issuer to the tendering Bondowners on the Settlement Date. The Purchase Prices (and the accrued interest) will constitute the sole consideration payable by the Issuer for Target Bonds purchased by the Issuer pursuant to the Invitation.

The Purchase Prices for the Target Bonds set forth in the table on the inside cover page hereof are subject to change by the Issuer as set forth in Section 15.

4. Provisions Applicable to all Offers

A Bondowner should ask its account executive at the financial institution that maintains the account in which its Target Bonds are held or another financial advisor for advice in determining whether to offer Target Bonds and the par amount of Target Bonds to be offered. A Bondowner also should inquire as to whether its financial institution will charge a fee for submitting offers or if the Issuer purchases its offered Target Bonds. The Issuer, the Dealer Managers and the Information Agent and Tender Agent will not charge any Bondowner for making an offer or if such Bondowner's offer is accepted and will not pay any fees payable by any Bondowner that are associated with making the offer or completing the sale of Target Bonds to the Issuer.

An offer to sell Target Bonds must include the CUSIP numbers of the Target Bonds offered and must specify the par amount offered. An offer must be for a par amount of Target Bonds of $5,000 or any integral multiple thereof. An offer that does not meet this requirement will be reduced to the greatest integral multiple of $5,000.

A Bondowner may only offer to tender Target Bonds it owns. By submitting an offer, a Bondowner warrants that it owns such Target Bonds, that it has full authority to transfer and sell such Target Bonds, and that the transferee will acquire good title, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims. All offers to tender shall survive the death or incapacity of the offering Bondowner.

A Bondowner that is not a DTC participant must instruct its account executive to submit any offer it wishes to make to the Issuer. A Bondowner may use the Bondowner's Instructions to give this instruction. All offers must be made through the Issuer's ATOP account. The Issuer will not accept any offers that are not made through its ATOP account.

The Issuer, the Authority, the Dealer Managers and the Information Agent and Tender Agent are not responsible for making or transmitting any offer to sell Target Bonds.

A Bondowner who would like to receive information furnished by the Issuer to the Information Services must make appropriate arrangements with the Information Agent and Tender Agent or the Information Services.

By making an offer pursuant to this Invitation, each Bondowner will be deemed to have represented to and agreed with the Issuer that: (a) the Bondowner has made its own independent decision to make the offer, the appropriateness of the terms thereof, and whether the offer is appropriate for the Bondowner; (b) such decisions are based upon the Bondowner's own judgment and upon advice from such advisors as the Bondowner has consulted; (c) the Bondowner is not relying on any communication from the Issuer as investment advice or as a recommendation to make the offer, it being understood that the information from the Issuer related to the terms and conditions of the Invitation shall not be considered investment advice or a recommendation to make an offer; and (d) the Bondowner is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand and accept the terms and conditions of the Invitation.

5. Transmission of Offers by Financial Institutions; DTC ATOP Procedures

Offers to sell Target Bonds pursuant to this Invitation may only be made to the Issuer through DTC's ATOP system. Bondowners that are not DTC participants must make their offers through their custodial intermediary. A DTC participant must tender the Target Bonds offered by the Bondowner pursuant to the Invitation on behalf of the Bondowner for whom it is acting, by book-entry through the ATOP system. In so doing, such custodial intermediary and the Bondowner (on whose behalf the custodial intermediary is acting) each agree to be bound by DTC's rules for the ATOP system. In accordance with ATOP procedures, DTC will then verify receipt of the tender offer and send an Agent's Message (as described below) to the Information Agent and Tender Agent.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of the book-entry confirmation which states that DTC has received an express acknowledgement from the DTC participant tendering Target Bonds for purchase that are the subject of such book-entry confirmation, stating: (i) the par amount of the Target Bonds that have been tendered by such DTC

participant on behalf of the Bondowner pursuant to the Invitation, and (ii) that the Bondowner agrees to be bound by the terms of this Invitation, including the representations, warranties, agreements and affirmations deemed made by it as set forth in Section 4 above.

Agent's Messages must be transmitted to and received by the Information Agent and Tender Agent by not later than 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed as provided in this Invitation). Target Bonds will not be deemed to have been tendered for cash purchase pursuant to the Invitation until an Agent's Message with respect thereto is received by the Information Agent and Tender Agent.

Each DTC participant is advised to submit each beneficial owner's instruction individually into DTC's ATOP system to ensure proper settlement.

6. Determinations as to Form and Validity of Offers; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the Issuer's ATOP account), form, eligibility and acceptance of any offers will be determined by the Issuer in its sole discretion and will be final, conclusive and binding.

The Issuer reserves the right to waive any irregularities or defects in any offer. The Issuer, the Authority, the Dealer Managers and the Information Agent 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 Issuer reserves the absolute right to reject all or a portion of offers submitted, whether or not they comply with the terms of this Invitation.

7. Withdrawals of Offers

An offer of Target Bonds may be withdrawn by a Bondowner by causing a withdrawal notice to be received at the Issuer's ATOP account by not later than 5:00 p.m. on the Expiration Date.

All withdrawal notices must be made through the Issuer's ATOP account. The Issuer will not accept any notices of withdrawal that are not made through its ATOP account. Bondowners who are not DTC participants can only withdraw their offers by making arrangements with and instructing their account executives and financial advisors, to submit the Bondowner's notice of withdrawal through the Issuer's ATOP account.

A withdrawn offer must specify the name and account number of the Bondowner (*i.e.*, the beneficial owner of the offered Target Bonds) whose offer is being withdrawn, the CUSIP number, the par amount previously offered and the DTC Voluntary Offer Instruction number for the offered Target Bonds for which the offer is being withdrawn. All questions as to the validity (including the time of receipt) of a withdrawal will be determined by the Issuer in its sole discretion and will be final, conclusive and binding.

8. Acceptance of Offers for Purchase

On or before 5:00 p.m., New York City Time, on December 5, 2025 (as may be extended by the Issuer, the "Acceptance Date"), upon the terms and subject to the conditions of the Invitation, the Issuer will announce its acceptance for purchase of Target Bonds, if any, offered and validly tendered by Bondowners pursuant to this Invitation by giving notice in the manner described in Section 2, with acceptance subject to the satisfaction or waiver by the Issuer of the conditions to the purchase of tendered Target Bonds. See Section 9 – "Acceptance of Offers Constitutes Irrevocable Agreement" and Section 14 – "Conditions to Purchase."

The Issuer intends to purchase Target Bonds at their respective Purchase Prices in amounts expected to result in an economic benefit to the Issuer, taking into account the Issuer's debt profile and capacity and overall structuring considerations following the tender of such Target Bonds.

The Issuer shall be under no obligation to accept any Target Bonds offered for purchase pursuant to this Invitation. Among Target Bonds offered for purchase, the Issuer in its sole discretion will select the aggregate amount of tendered Target Bonds to purchase for each CUSIP, based on its determination of the economic benefit and overall structuring considerations from such purchase. In the event that the Issuer chooses to purchase some but not all of the Target Bonds of a particular CUSIP that are tendered to it, offers to sell Target Bonds pursuant to this Invitation that are accepted by the Issuer will be accepted on a *pro rata* basis reflecting the ratio of (a) the principal amount of the Target Bonds accepted for purchase of such CUSIP to (b) the principal amount of valid offer instructions received (the "Proration Factor"). If, as a result of any *pro rata* acceptance, the Issuer would be required to accept a principal amount of Target Bonds that is not equal to an authorized denomination, the Issuer will, in such manner as is in its sole discretion, round up the principal amount of Target Bonds to be accepted from any affected Bondowner so that the principal amount of its Target Bonds accepted will be equal to an authorized denomination. All such determinations and allocations will be final and binding. The Proration Factor will take into consideration rounding procedures.

Bondowners who tender less than all of their Target Bonds must continue to hold Target Bonds in at least the Minimum Authorized Denomination.

The acceptance notification will state the aggregate principal amount of the Target Bonds of each CUSIP number that the Issuer has accepted for purchase in accordance with the Invitation, or that the Issuer has decided not to purchase any Target Bonds of such CUSIP number.

Following the giving of notice of its acceptance of offers, 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. The release of such Target Bonds will take place in accordance with DTC's ATOP procedures. The Issuer, the Authority, the Dealer Managers, and the Information Agent and Tender Agent are not responsible or liable for the operation of the ATOP system by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or custodial intermediary or by such DTC participant or custodial intermediary for the account of the Bondowner.

Notwithstanding any other provision of this Invitation, the obligation of the Issuer to accept for purchase, and to pay for Target Bonds offered and validly tendered (and not validly withdrawn) by Bondowners pursuant to the Invitation is subject to the satisfaction or waiver of the conditions set forth under Section 14 – "Conditions to Purchase" below. The Issuer reserves the right to amend or waive any of the terms of or conditions to this Invitation, in whole or in part, at any time prior to the Expiration Date or from time to time, in its sole discretion, as set forth under Section 15. This Invitation may be withdrawn by the Issuer at any time prior to the Expiration Date.

9. Acceptance of Offers Constitutes Irrevocable Agreement

Acceptance by the Issuer of offers to sell Target Bonds will constitute an irrevocable agreement between the offering Bondowner and the Issuer to sell and purchase these Target Bonds, subject to the conditions and terms of this Invitation. All offers to sell Target Bonds will become irrevocable as of 5:00 p.m. on the Expiration Date.

10. Return of Target Bonds Not Purchased

The Issuer will instruct DTC to return to the offering institutions all Target Bonds that were offered but were not accepted for purchase. The Issuer, the Authority, the Dealer Managers and the Information Agent and Tender Agent are not responsible or liable for the return of Target Bonds to these offering institutions or to their beneficial owners.

11. Settlement Date; Purchase of Target Bonds

Subject to satisfaction of the Financing Conditions and the satisfaction or waiver of the conditions to the Issuer's obligation to purchase tendered Target Bonds described in Section 14 – "Conditions to Purchase" and in the Other Tender Materials, the Settlement Date is the day on which Target Bonds accepted for purchase will be purchased and paid for at the applicable Purchase Prices, and the Accrued Interest on these Target Bonds will also be paid. The

Settlement Date has initially been set as December 15, 2025, unless extended by the Issuer, assuming all conditions have been satisfied or waived by the Issuer. The Issuer may change the Settlement Date by giving notice to the Information Services in the manner described in Section 2 prior to such change.

Payment by the Issuer will be made in immediately available funds on the Settlement Date by deposit with DTC of the aggregate Purchase Prices of and Accrued Interest on the Target Bonds of each maturity accepted for purchase. It is expected that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Purchase Prices (plus Accrued Interest) in immediately available funds to each of its participant financial institutions holding the Target Bonds accepted for purchase on behalf of Bondowners, for delivery to the Bondowners. **The Issuer, the Authority, the Dealer Managers and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Purchase Prices plus Accrued Interest by DTC to the Bondowners.**

12. Purchase Funds

As set forth in Section 14 below, if, for any reason, the Issuer does not have the funds available to purchase all of the accepted Target Bonds on the Settlement Date, the Issuer will not be required to purchase any Target Bonds that it has agreed to purchase and will have no liability to any Bondowner. The Purchase Price including Accrued Interest to be paid on the Settlement Date will be paid from the proceeds of the sale of the Restructuring Property paid by the Issuer to Authority, and made available by the Authority to the Issuer for such purchase.

13. Issuer Instructions of Priority of Allocations of Restructuring Bonds

The Issuer has advised the Underwriters for the 2025 Restructuring Bonds that any Holder of Target Bonds who tenders Target Bonds pursuant to this Invitation and who submits an order to purchase any 2025 Restructuring Bonds may, subject to certain limitations, have a preference of allocation of the 2025 Restructuring Bonds up to the principal amount of the Target Bonds that such Bondholder is tendering. The Underwriters have the discretion to accept orders outside of the Issuer's advised priorities if it determines that it is in the best interests of the Underwriters as provided in the rules of the Municipal Securities Rulemaking Board. The Issuer also has the discretion to alter its advised priorities.

14. Conditions to Purchase

Payment on the Settlement Date is conditioned upon the successful closing of the 2025 Restructuring Bonds and the purchase of the Restructuring Property. Furthermore, the Issuer will not be required to purchase any Target Bonds it has decided to purchase, and will incur no liability as a result, if, after the Acceptance Date and before payment:

a. By 3:00 p.m., New York City time, on the Settlement Date, the Issuer does not, for any reason, have sufficient funds to pay the Purchase Price of tendered Target Bonds accepted for purchase or Accrued Interest thereon;

b. Litigation or another proceeding is pending or threatened, which the Issuer believes may, directly or indirectly, have an adverse impact on this Invitation or the expected benefits of this Invitation to the Issuer;

c. A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists;

d. A material change in the business or affairs of the Issuer has occurred which, in the Issuer's reasonable judgement makes it inadvisable to proceed with the purchase of Target Bonds; or

e. There shall have occurred a material disruption in securities settlement, payment or clearance services.

The foregoing conditions are for the sole benefit of the Issuer. They may be asserted by the Issuer regardless of the circumstances giving rise to any of these conditions (other than circumstances that are solely

within the control of the Issuer) or may be waived by the Issuer in whole or in part at any time and from time to time in its sole discretion before payment. The failure by the Issuer to exercise any of these rights before payment will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the Issuer, which may be asserted at any time and from time to time prior to payment. Any determination by the Issuer concerning the events described in this Section 14 will be final and binding upon all parties. If, prior to the time of payment for any Target Bonds any of the events described above occur, the Issuer will have the absolute right (but shall not be obligated), subject to applicable law, to (i) cancel its obligations to purchase Target Bonds without any liability to any Bondowner or any other person; (ii) waive all unsatisfied conditions and purchase Target Bonds (if any) accepted for purchase; (iii) extend this Invitation as described in Section 15; or (iv) amend this Invitation as described in Section 15.

15. Extension, Termination and Amendment of Invitation; Changes to Terms; Changes to Purchase Prices

The Issuer has the right to extend this Invitation as it relates to the Target Bonds. Notice of an extension of the Expiration Date will be given to the Information Services by 10:00 a.m. on the first business day following the then current Expiration Date and will be effective when such notice is given.

The Issuer also has the right to terminate this Invitation at any time prior to the payment of the Target Bonds (if any) accepted for purchase by giving notice to the Information Services of such termination under the circumstances described herein. The termination will be effective at the time specified in such notice.

The Issuer also has the right to amend or waive the terms of this Invitation in any respect (including to withdraw Target Bonds from this Invitation) and at any time by giving notice to the Information Services of this amendment or waiver. This amendment or waiver will be effective at the time specified in such notice.

If the Issuer extends this Invitation, or extends the Expiration Date or the Acceptance Date, or amends the terms of this Invitation (including a waiver of any term) in any material respect, the Issuer may (but is not required to) disseminate additional Invitation materials and extend this Invitation to the extent required to allow, in the Issuer's sole judgment, reasonable time for dissemination to Bondowners and for Bondowners to respond.

The Issuer may revise the terms of this Invitation prior to the Expiration Date. In the event that the Issuer determines to revise the terms of the Invitation in any material respect, it shall provide notice thereof in the manner described in Section 2 of this Invitation no less than three (3) business days prior to the Expiration Date. If the Issuer changes the Purchase Price for any of the Target Bonds pursuant to the Invitation, the Issuer shall provide notice thereof (as described in Section 2) no less than five (5) business days prior to the then current Expiration Date. In such event, any offers submitted with respect to the affected Target Bonds prior to the Issuer providing notice of such change in Purchase Price, extension or amendment will remain in full force and effect and any Bondowner of such affected Target Bonds wishing to revoke their offer to tender such Target Bonds must affirmatively withdraw such offer prior to the Expiration Date as described in Section 8 hereof.

No extension, termination or amendment of this Invitation (or waiver of any terms of this Invitation) will change the Issuer's right to decline to purchase any Target Bonds without liability.

16. Certain Federal Income Tax Consequences

The following is a general summary of the U.S. federal income tax consequences for tendering Bondowners. 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 Bondowners 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 Issuer, the Authority, or any of their advisors or agents, to the Bondowners, and Bondholders therefore should not rely upon such discussion.

Bondowners should consult their own tax advisors regarding the tax consequences of tendering Target Bonds pursuant to this Invitation.

A Bondowner who tenders its Target Bonds for cash pursuant to this Invitation generally will recognize a 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 Bondowner, and the Bondowner's adjusted tax basis in its tendered Target Bonds. Any gain or loss arising in connection with a taxable sale pursuant to this Invitation may be capital gain or loss or may be ordinary income or loss, depending on the particular circumstances of the Bondowner. Non-corporate holders may be eligible for reduced rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to various limitations. A Bondowner's amount realized and adjusted tax basis are determined as set forth in the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder.

17. Additional Considerations

In deciding whether to participate in the Invitation, each Bondowner should consider carefully, in addition to the other information contained in this Invitation and the Other Tender Materials, the following:

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. Bondowners may be able to effect a sale of the Target Bonds at a price higher than the Purchase Price(s).

Ratings. As required by its respective bond indentures, UDSA is currently seeking rating confirmations on the unrefunded portions of its outstanding bonds. The Target Bonds are currently rated "Aaa (sf)" by Moody's, "AAA (sf)" by S&P and "AAA (sf)" by Fitch. The ratings of the Target Bonds by each rating agency reflect only the views of such organization and 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 downward, suspended or withdrawn entirely by any rating agency. Any such 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 Bondowner should review these ratings and consult with its account executives or financial advisors concerning them.

Market Conditions for the 2025 Restructuring Bonds. The purpose of the sale of the Restructuring Property by the Authority to the Issuer, and the issuance by the Issuer of its 2025 Restructuring Bonds to purchase the Restructuring Property, is to produce present value debt service savings to the Authority's ratepayers. 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 Issuer will be based upon market conditions associated with the sale of the 2025 Restructuring Bonds and other factors outside of the control of the Issuer and the Authority.

Interest Rate Changes. Bond prices and yields are inversely correlated. Thus, in general, as interest rates increase or decrease, the price of fixed rate bonds, including the Target Bonds, will decrease or increase respectively.

Financing Timetable. There is currently an approximately four day period between the Expiration Date and the Acceptance Date (*i.e.*, the date on which the Issuer will determine the Target Bonds that it will accept for purchase, such time period necessitated by the timetable for the marketing and sale of the 2025 Restructuring Bonds). Bondowners 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 Issuer.

As noted above, this Invitation is being issued as part of a plan of finance to use proceeds from the sale of the Restructuring Property by the Authority to the Issuer, that includes, among other things, the retirement of the Target Bonds by purchasing them pursuant to this Invitation. Further, as described above, the Issuer's purchase of Target Bonds pursuant to this Invitation is contingent upon receipt of sufficient proceeds for such purpose from the Authority after its sale of the Restructuring Property to the Issuer. There can be no assurance that the 2025 Restructuring Bonds will be issued or when they will be issued, or that the proceeds thereof will be sufficient to enable the Issuer to purchase any or all of the Target Bonds tendered for purchase.

Certain Potential Effects of this Invitation on Target Bonds not Purchased pursuant to this Invitation. The purchase of Target Bonds by the Issuer may have certain potential adverse effects on owners of Target Bonds not purchased pursuant to this Invitation, including that the principal amount of the Target Bonds available to trade publicly will be reduced, which could adversely affect the liquidity and market value of the Target Bonds that remain outstanding.

Average Life of Non-purchased Target Bonds with Sinking Fund Installments may be affected. To the extent that less than all of the Target Bonds of a particular CUSIP which are term bonds subject to sinking fund redemption are purchased, the Issuer will adjust the schedule of the applicable sinking fund installments to give effect to the purchase and cancellation of such Target Bonds. This could affect the average life of the Target Bonds of such CUSIP that are not purchased pursuant to this Invitation.

Possibility of later purchase, redemption or defeasance of Target Bonds on different Terms. The Issuer has reserved its rights to optionally redeem any of the Target Bonds not purchased pursuant to this Invitation in accordance with their terms at their applicable redemption prices and dates and to defease any of the Target Bonds not purchased pursuant to this Invitation at any time. The Issuer has also reserved its right to make another invitation of offers to sell any Target Bonds at another time. Accordingly, it is possible that the Target Bonds could be redeemed, defeased or purchased in the future as part of another transaction at more or less advantageous prices than will be available through this Invitation. The Issuer does not currently anticipate applying the proceeds of the sale of the Restructuring Property made available by the Authority to the Issuer to refund any Target Bonds that are not purchased pursuant to this Invitation.

18. Dealer Managers' Fees and Expenses

The Issuer will pay the Dealer Managers a fee for each Target Bond purchased pursuant to this Invitation. In addition, the Issuer will pay the Dealer Managers their reasonable out-of-pocket costs and expenses relating to this Invitation.

The Dealer Managers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Dealer Managers and their affiliates have, from time to time, performed, and may in the future perform, a variety of these services for the Issuer and/or the Authority, for which they received and or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities of the Dealer Managers and/or their affiliates may involve securities and instruments of the Issuer and/or the Authority, including but not limited to Target Bonds which may be tendered for purchase pursuant to the Invitation. Affiliates of a Dealer Manager may have holdings of Bonds that they are unable to disclose for legal or regulatory reasons.

The Dealer Managers are also acting as underwriters of the 2025 Restructuring Bonds and, as such, they will receive compensation in connection with the sale of the 2025 Restructuring Bonds, in addition to the compensation they will receive for acting as Dealer Managers in connection with this Invitation.

19. Soliciting Dealer Fees; Eligible Institutions Are Not Agents

The Issuer agrees 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 Authority (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 Issuer pursuant to this Invitation. A "Retail Customer" is an individual who owns not more than $250,000 principal amount of Target Bonds and manages his or her own investments or 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 that holds the investments of that individual in a separate account in the name of that individual.

The Solicitation Fee Payment Request Form, attached hereto as Appendix B, must be returned to the Information Agent and Tender Agent no later than 5:00 p.m., New York City time, on or before the next business day following the Expiration Date, unless earlier terminated or extended. No payment of a solicitation fee will be made on requests received after this time. No solicitation fee will be paid on requests improperly submitted or for Target Bonds not purchased by the Issuer.

Eligible Institutions are not agents of the Issuer for purposes of this Invitation.

20. Miscellaneous

This Invitation is not being made to, and offers will not be accepted from or on behalf of, Bondowners in any jurisdiction in which this Invitation or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require this Invitation to be made through a licensed or registered broker or dealer, this Invitation is being made on behalf of the Issuer by the Dealer Managers.

References in this Invitation to the Dealer Managers are to BofA Securities, Inc., Goldman Sachs & Co. LLC and Loop Capital Markets LLC only in their capacity as the Dealer Managers.

No one has been authorized by the Issuer, the Authority, the Dealer Managers or the Information Agent and Tender Agent to recommend to any Bondowners whether to offer Target Bonds pursuant to this Invitation. 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 recommendation, information and representations given or made cannot be relied upon as having been authorized by the Issuer, the Authority, the Dealer Managers or the Information Agent and Tender Agent.

The Issuer, the Authority, the Dealer Managers and the Information Agent and Tender Agent do not recommend to any Bondowner whether to offer Target Bonds. Each Bondowner should read this Invitation and consult with his, her or its account executive or other financial advisor in making these decisions.

UTILITY DEBT SECURITIZATION AUTHORITY

By: /s/ Donna Mongiardo
Name: Donna Mongiardo
Title: Chief Financial Officer

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

The Dealer Managers for the Invitation are:

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

Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282
Tel: (212) 357-3189
Attn: Ken Ukaigwe
Email: ken.ukaigwe@gs.com

Loop Capital Markets LLC
425 South Financial Place, Suite 2700
Chicago, Illinois 60605
Tel: (312) 913-2208
Attn: David J. Gellert II
Email: david.gellert@loopcapital.com

The Information Agent and Tender Agent for the Invitation is:

Globic Advisors, Inc.
477 Madison Avenue, 6th Floor
New York, New York 10022
Tel: (212) 227-9698
Attn: Patrick Seguritan
Email: pseguritan@globic.com
Document Website: www.globic.com/udsa

APPENDIX A

PRELIMINARY OFFICIAL STATEMENT

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This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds 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.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 14, 2025

NEW ISSUE – FULL BOOK-ENTRY **See "RATINGS" herein**

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Issuer and the Authority described herein, interest on the 2025 Restructuring Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the 2025 Restructuring Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, and the 2025 Restructuring Bonds are exempt from all taxation directly imposed thereon by or under the authority of the State of New York, except estate or gift taxes and taxes on transfers. See "TAX MATTERS" herein regarding certain other tax considerations.

$1,016,455,000*
UTILITY DEBT SECURITIZATION AUTHORITY
RESTRUCTURING BONDS, SERIES 2025

Consisting of:

$112,305,000*
Restructuring Bonds, Series 2025TE-1
(Green Bonds)

$904,150,000*
Restructuring Bonds, Series 2025TE-2

Utility Debt Securitization Authority (the "Issuer"), a special purpose corporate municipal instrumentality of the State of New York (the "State"), is issuing the above-captioned bonds (the "2025TE-1 Restructuring Bonds (Green Bonds)" and the "2025TE-2 Restructuring Bonds" and together, the "2025 Restructuring Bonds") for the purpose of (i) allowing the Issuer to refund and/or retire certain of its outstanding indebtedness and (ii) financing System Resiliency Costs (as defined herein). The 2025 Restructuring Bonds will have such scheduled and final maturities, bear interest at such rates, be payable on such dates, and be issued in such denominations as shown on the inside cover of this Official Statement. The 2025 Restructuring Bonds will be subject to redemption prior to maturity as set forth herein.

The 2025 Restructuring Bonds are limited obligations of the Issuer secured by the 2025 Collateral (as defined herein), created pursuant to the Securitization Law (as defined herein) and an irrevocable financing order adopted by the Long Island Power Authority's (the "Authority") Board of Trustees on May 18, 2022 ("Financing Order No. 8"). The 2025 Collateral includes, among other things, the pledge to the Trustee (as defined herein) under the Indenture (as defined herein) of the Issuer's right, title and interest in and to the 2025 Restructuring Property (as defined herein) created pursuant to Financing Order No. 8, including the irrevocable right to impose, bill and collect a nonbypassable charge, known as the "2025 Restructuring Charge," required to be paid by retail electric delivery service customers of the Long Island Lighting Company (d/b/a and referred to as "LIPA"), a wholly-owned subsidiary of the Authority, based on the customers' consumption of electricity. The 2025 Restructuring Charges are required to be collected by LIPA, as initial servicer for the Issuer. Pursuant to the Securitization Law and Financing Order No. 8, the 2025 Restructuring Property will be purchased by the Issuer from the Authority with the net proceeds of the sale of the 2025 Restructuring Bonds.

The Securitization Law, together with Financing Order No. 8, require that the 2025 Restructuring Charges are subject to an adjustment, or "true-up," at least annually, and more frequently, if necessary, to ensure the expected collection of amounts required to timely provide all scheduled payments of principal of and interest on the 2025 Restructuring Bonds and related financing costs of the Issuer, as described herein.

Investing in the 2025 Restructuring Bonds involves risks. See "RISK FACTORS" herein.

The Bank of New York Mellon (the "Trustee") is Trustee under the Indenture and Paying Agent for the 2025 Restructuring Bonds. PFM Financial Advisors, LLC has acted as independent financial advisor to the Authority and the Issuer in connection with the structuring and pricing of the 2025 Restructuring Bonds.

MATURITY SCHEDULE – See Inside Cover Page

The 2025 Restructuring Bonds are not an obligation of the Authority or LIPA. The 2025 Restructuring Bonds are not a debt, general obligation or pledge of the faith and credit or taxing power of the State of New York or of any county, municipality or any other political subdivision, agency or instrumentality of the State of New York other than the Issuer as described herein. The 2025 Restructuring Bonds are limited obligations of the Issuer payable solely from the 2025 Collateral (as described herein) including the 2025 Restructuring Charges. The issuance of the 2025 Restructuring Bonds does not obligate the State of New York or any county, municipality or other political subdivision, agency or instrumentality of the State of New York to levy any tax or make any appropriation for the payment of the 2025 Restructuring Bonds. The Issuer has no taxing power.

The 2025TE-1 Restructuring Bonds (Green Bonds) have been designated as "Green Bonds." Kestrel has provided an independent external review and opinion that the 2025TE-1 Restructuring Bonds (Green Bonds) conform with the four core components of the International Capital Market Association Green Bond Principles, and therefore qualify for Green Bonds designation. Kestrel has also provided a Sustainability and Resilience Profile and benchmarking of the 2025TE-2 Restructuring Bonds. See "PLAN OF FINANCE AND USE OF PROCEEDS – Designation of 2025TE-1 Restructuring Bonds as Green Bonds" and "PLAN OF FINANCE AND USE OF PROCEEDS – Sustainability and Resilience Profile – 2025TE-2 Restructuring Bonds" herein and Schedule 3 hereto for more information.

The 2025 Restructuring Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Nixon Peabody LLP, as Bond Counsel to the Issuer. Certain legal matters with respect to the Issuer, the Authority and LIPA will be passed upon by Nixon Peabody LLP, as Bond Counsel to the Authority and the Issuer. Certain legal matters with respect to the Issuer, the Authority and LIPA will be passed upon by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel to the Authority and the Issuer. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP. It is expected that the 2025 Restructuring Bonds will be available for delivery in book-entry-only form through the facilities of The Depository Trust Company ("DTC") against payment on or about December 15, 2025.

BofA Securities
(Joint Senior Manager – Bookrunner)

Goldman Sachs & Co. LLC
(Joint Senior Manager)

Loop Capital Markets
(Joint Senior Manager)

Academy Securities
Cabrera Capital Markets LLC
Morgan Stanley
RBC Capital Markets
TD Financial Products

American Veterans Group, PBC
J.P. Morgan
Ramirez & Co., Inc.

Barclays
Jefferies
Raymond James
Siebert Williams Shank & Co., LLC
Wells Fargo Securities

December __, 2025

* Preliminary, subject to change.

Maturity Schedule

**$1,016,455,000*
UTILITY DEBT SECURITIZATION AUTHORITY
RESTRUCTURING BONDS, SERIES 2025**

**$112,305,000*
UTILITY DEBT SECURITIZATION AUTHORITY
RESTRUCTURING BONDS, SERIES 2025TE-1 (GREEN BONDS)**

Tranche	Principal Amount Offered	Scheduled Maturity Date†	Final Maturity Date†	Interest Rate	Yield	Public Offering Price	CUSIP**
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	

**$904,150,000*
UTILITY DEBT SECURITIZATION AUTHORITY
RESTRUCTURING BONDS, SERIES 2025TE-2**

Tranche	Principal Amount Offered	Scheduled Maturity Date†	Final Maturity Date†	Interest Rate	Yield	Public Offering Price	CUSIP**
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	
				%	%	%	

* Preliminary, subject to change

** CUSIP numbers have been assigned by an organization not affiliated with the Issuer or the Authority and are included solely for the convenience of the holders of the 2025 Restructuring Bonds. Neither the Issuer nor the Authority is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to the correctness of the CUSIP numbers on the 2025 Restructuring Bonds or as indicated above.

† If such date is not a Business Day, then payment will be made on the next Business Day without additional interest.

ABOUT THIS OFFICIAL STATEMENT

UTILITY DEBT SECURITIZATION AUTHORITY

BOARD OF TRUSTEES

Robert Gurman, Acting Chair
Bruce Levy
Jeff Pitkin

No dealer, broker, salesperson or other person has been authorized by the Issuer, the Authority or the Underwriters to give any information or to make any representation, other than the information and representations contained in this Official Statement, in connection with the offering of the 2025 Restructuring Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the Authority or the Underwriters. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the 2025 Restructuring Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The information set forth herein has been furnished by the Issuer and the Authority, and also includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Authority, LIPA and PSEG Long Island (as defined herein) since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements.

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 respective 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.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS OFFICIAL STATEMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

In connection with offers and sales of the 2025 Restructuring Bonds, no action has been taken by the Issuer or the Authority that would permit a public offering of the 2025 Restructuring Bonds, or possession or distribution of any information relating to the pricing of the 2025 Restructuring Bonds, this Official Statement or any other offering or publicity material relating to the 2025 Restructuring Bonds, in any non-U.S. jurisdiction where action for that purpose is required. Accordingly, the initial purchasers are obligated to comply with all applicable laws and regulations in force in any non-U.S. jurisdiction in which they purchase, offer or sell 2025 Restructuring Bonds or possess or distribute this Official Statement or any other offering or publicity material relating to the 2025 Restructuring Bonds and will obtain any consent, approval or permission required by them for the purchase, offer or sale by them of the 2025 Restructuring Bonds under the laws and regulations in force in any non-U.S. jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the Issuer and the Authority shall have no responsibility therefor.

Despite the Second Party Opinion being provided by Kestrel, it should be noted that there is currently no clearly defined regulatory definition applicable to "green bonds." No assurance can be given that such a clear definition will develop over time, or that, if developed, it will include the projects to be financed or refinanced with the proceeds of the 2025TE-1 Restructuring Bonds (Green Bonds). Accordingly, no assurance is or can be given to investors that any uses of the proceeds of the 2025TE-1 Restructuring Bonds (Green Bonds) will meet investor expectations regarding such "green" or other equivalently labeled performance objectives or that any adverse environmental and other impacts will not occur during the construction or operation of projects to be financed with 2025TE-1 Restructuring Bonds (Green Bonds) proceeds.

The term "Green Bonds" is not intended to provide or imply that a holder of the 2025TE-1 Restructuring Bonds (Green Bonds) is entitled to any additional security other than as provided in the Indenture. Neither the Issuer nor the Authority have agreed or will have any obligation to provide any reporting specific to the use of proceeds of the 2025TE-1 Restructuring Bonds (Green Bonds).

The 2025 Restructuring Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

This Preliminary Official Statement, as of its date, is in a form "deemed final" by the Issuer for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) but is subject to revision, amendment, and completion in a final Official Statement which will be available within seven business days of the sale date.

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SUMMARY STATEMENT

The following information is furnished solely to provide limited introductory information regarding the Utility Debt Securitization Authority (the "Issuer"), the Long Island Power Authority (the "Authority" and in its capacity as the seller of the 2025 Restructuring Property, sometimes referred to herein as the "Seller"), the Long Island Lighting Company ("LIPA," in its capacity as servicer of the 2025 Restructuring Property, sometimes referred to herein as "Servicer" and in its capacity as administrator of the Issuer, sometimes referred to herein as "Administrator"), Public Service Enterprise Group Incorporated ("PSEG"), PSEG Long Island LLC ("PSEG Long Island"), and the 2025 Restructuring Bonds and does not purport to be comprehensive. Such information is qualified in its entirety by reference to the more detailed information and descriptions appearing elsewhere in this Official Statement and should be read together therewith. The offering of the 2025 Restructuring Bonds is made only by means of the entire Official Statement, including the Appendices and Schedules hereto. No person is authorized to make offers to sell, or solicit offers to buy, the 2025 Restructuring Bonds unless the entire Official Statement is delivered in connection therewith. Terms not defined elsewhere in this Official Statement are used as defined in Appendix B hereto.

Purpose of the Transaction:	This issuance of the 2025 Restructuring Bonds by the Issuer will enable (i) the Issuer to refund or otherwise retire certain Prior Restructuring Bonds (as defined herein) and (ii) the Authority to finance System Resiliency Costs (as defined herein). See "THE SECURITIZATION LAW" in this Official Statement.
Issuer:	The Issuer is a special purpose corporate municipal instrumentality, body corporate and politic, political subdivision and public benefit corporation of the State of New York, created by Part B of Chapter 173, Laws of New York, 2013 (the whole of Chapter 173, Laws of New York, 2013, as amended by Chapter 58 of the Laws of New York, 2015 and Chapter 369 of the Laws of New York, 2021, the "LIPA Reform Act" and Part B thereof, the "Securitization Law"). The Issuer has no commercial operations. The Issuer was formed solely to purchase and own restructuring property, to issue bonds which are to be secured by restructuring property, and to perform any activity incidental thereto. The Securitization Law prohibits the Issuer from engaging in any other activity except as specifically authorized by a financing order and provides that the Issuer is not authorized to be a debtor under chapter 9 or any other provision of the Bankruptcy Code. See "—*Transaction Overview*" and "THE SECURITIZATION LAW." The 2025 Restructuring Bonds represent the eighth issuance of restructuring bonds by the Issuer. See "— *Prior Transactions*" and "THE SECURITIZATION LAW — Prior Transactions."
Seller:	The Authority is a corporate municipal instrumentality and a political subdivision of the State of New York. The Authority has a wholly-owned subsidiary, the Long Island Lighting Company (described below), which does business under the names of LIPA and Power Supply Long Island.
Servicer and its Service Area; Administrator:	LIPA provides electric transmission and distribution services in a geographical area which includes the New York Counties of Nassau and Suffolk (with certain limited exceptions) and a small portion of Queens County, New York known as the Rockaways. As described in this Official Statement, the Authority and LIPA have entered into agreements with third parties to provide the service and maintenance functions in connection with their operations. LIPA's service area includes approximately 1.2 million customers. During 2011, LIPA experienced its highest peak usage of approximately 5,915 MW. Its 2025 peak usage was approximately 5,616 MW. In the year ending December 31, 2024, approximately 54.8% of LIPA's annual retail revenues were billed to residential customers, 43.5% to commercial customers, 0.5% to street lighting and 1.2% to other public authorities. The largest customer in the Service Area (the Long Island Rail Road) accounted for approximately 1.9% of total billed sales and 1.3% of total billed revenues.

LIPA, acting as initial servicer pursuant to the Servicing Agreement (as described herein), and any Successor Servicer as provided by Financing Order No. 8 (as described herein), will be responsible for the servicing of the 2025 Restructuring Property, including the billing and collection of the 2025 Restructuring Charges securing the 2025 Restructuring Bonds on behalf of the Issuer. LIPA also acts as servicer with respect to the Prior Restructuring Property (as defined herein), pursuant to separate servicing agreements.

The Issuer and LIPA will also enter into an Administration Agreement (the "Administration Agreement") pursuant to which LIPA, acting as Administrator, will perform certain duties on behalf of the Issuer.

LIPA's Relationship with the Authority and Service Providers:

The Authority and LIPA are parties to a Financing Agreement (the "Financing Agreement") providing for their respective duties and obligations relating to the financing and operation of the retail electric business in the Service Area. Pursuant to the terms of the Financing Agreement, LIPA conducts the electric business in the Service Area and is responsible for providing service to customers in the Service Area. In order to assist the Authority in providing electric service in the Service Area, the Authority and LIPA have entered into operating agreements, the purpose of which is to provide the Authority and LIPA with the operating personnel and a significant portion of the power supply resources necessary for LIPA to continue to provide electric service in the Service Area. Since January 1, 2014, PSEG Long Island, a wholly-owned subsidiary of PSEG dedicated to LIPA's operations, has provided the T&D System management services including, among other functions, the day-to-day operation and maintenance of the T&D System, customer service, billing and collection, meter reading and forecasting. These services include many of the services that LIPA has contracted to perform as Servicer. Under the OSA (as defined herein), the PSEG Long Island management company is the contracting entity with LIPA and consists of 19 employees, while its wholly-owned subsidiary, the PSEG Long Island service company, consists of approximately 2,700 employees. PSEG Long Island as used herein generally refers to both the management company and the service company, collectively. See "THE SERVICER AND THE ADMINISTRATOR—The OSA."

Transaction Overview:

On June 8, 2021, the New York State Assembly and Senate adopted Chapter 369 of the Laws of New York, 2021, which amended the Securitization Law to allow for additional issuances of restructuring bonds and permitting the issuance of such restructuring bonds to refund bonds issued by the Issuer and to finance System Resiliency Costs (as defined in the Securitization Law).

Prior to being amended in 2015, the Securitization Law permitted only one issuance of restructuring bonds by the Issuer. In December 2013, the Issuer issued its Restructuring Bonds, Series 2013T and 2013TE (the "2013 Restructuring Bonds").

The Securitization Law, as amended in 2015 by Chapter 58, permitted the Authority's Board of Trustees (the "Authority Trustees") to adopt additional financing orders to, among other things, authorize the creation of additional restructuring property and the issuance of additional restructuring bonds secured by such additional restructuring property in an aggregate amount not to exceed $4.5 billion (inclusive of the 2013 Restructuring Bonds).

The Securitization Law, as amended in 2021 by Chapter 369, permits the Authority Trustees to adopt additional financing orders to, among other things, authorize the creation of additional restructuring property and the issuance of additional restructuring bonds secured by such additional restructuring property in an aggregate amount not to exceed $8.0 billion (inclusive of the approximately $4.5 billion of restructuring bonds that were already issued at that time). In 2022,

the Issuer issued approximately $936 million of restructuring bonds, and in 2023, the Issuer issued approximately $833 million of restructuring bonds. In the aggregate, the Issuer has issued $6,268,864,000 principal amount of restructuring bonds pursuant to the authorization provided by Chapter 58 (the "Prior Restructuring Bonds"), of which $3,340,915,000 is outstanding. See "THE SECURITIZATION LAW — Prior Transactions" and "SECURITY FOR THE 2025 RESTRUCTURING BONDS – Additional Bonds."

The 2025 Restructuring Bonds are being issued pursuant to Financing Order No. 8. Financing Order No. 6 (pursuant to which the 2022 Restructuring Bonds (as defined herein) were issued), Financing Order No. 7 (pursuant to which the 2023 Restructuring Bonds (as defined herein) were issued), Financing Order No. 8 and Financing Order No. 9 were prepared in consultation with the Department of Public Service (the "DPS") and adopted by the Authority Trustees. Financing Order No. 8 and Financing Order No. 9 were approved by the New York Public Authorities Control Board ("PACB") on May 18, 2022 and became irrevocable, final and non-appealable on June 17, 2022. The 2025 Restructuring Property (as defined herein) created by Financing Order No. 8 includes the irrevocable right to impose, bill and collect the 2025 Restructuring Charges (as defined herein) from all Customers (as defined herein).

The Authority is authorized to use the proceeds from the sale of the 2025 Restructuring Property to (i) facilitate the purchase, redemption, repayment or defeasance of certain of the Issuer's Prior Restructuring Bonds (collectively, the "Retired Debt") and (ii) finance System Resiliency Costs. See "THE FINANCING ORDER—General; Creation of 2025 Restructuring Property; Irrevocability" in this Official Statement and Appendix G hereto.

The primary transactions underlying the offering of the 2025 Restructuring Bonds are as follows:

- The Issuer will issue the 2025 Restructuring Bonds and use the proceeds thereof to pay the purchase price of the 2025 Restructuring Property to the Authority and to pay costs of issuance and related costs ("Upfront Financing Costs," as further described herein). The 2025 Restructuring Property will serve as the primary security for the 2025 Restructuring Bonds.
- The Authority will use the proceeds from the sale of the 2025 Restructuring Property to (i) facilitate the purchase and retirement, redemption, repayment or defeasance of the Retired Debt; and (ii) finance System Resiliency Costs.
- LIPA will act as the initial servicer of the 2025 Restructuring Property pursuant to the terms of the Servicing Agreement (as described herein). As described in more detail herein, pursuant to the OSA, PSEG Long Island, among other things, performs the billing and collections, meter reading and forecasting required of the Servicer under the Servicing Agreement.

The 2025 Restructuring Bonds are not obligations of the Trustee, the Authority, LIPA, PSEG Long Island or any of their affiliates. The 2025 Restructuring Bonds are also not a debt and do not constitute a pledge of the faith and credit or taxing power of the State of New York or of any county, municipality, or any other political subdivision, agency or instrumentality of the State of New York other than the Issuer.

Prior Transactions:

The Issuer has previously issued $6,268,864,000 aggregate principal amount of Prior Restructuring Bonds, across ten series and pursuant to seven restructuring cost financing orders (the "Prior Financing Orders") adopted by the Authority. See "THE SECURITIZATION LAW — Prior Transactions." The Issuer used the proceeds of the Prior Restructuring Bonds authorized by the Prior Financing

Orders to purchase the restructuring property created by the related Prior Financing Order (the restructuring property created pursuant to each Prior Restructuring Order is "Prior Restructuring Property" and all are collectively referred to herein as the "Prior Restructuring Properties"), including related restructuring charges (the restructuring charges related to the Prior Restructuring Property created by each Prior Restructuring Order being referred to herein as "Prior Restructuring Charges"). The Prior Restructuring Property created by each Prior Financing Order was pledged by the Issuer to the payment of the related Prior Restructuring Bonds. The Authority used the net proceeds from the sale of each Prior Restructuring Property to refund or retire debt and other obligations of the Authority and the Issuer or to finance System Resiliency Costs. **The Prior Restructuring Property created pursuant to each Prior Financing Order secures only the related Prior Restructuring Bonds and does not secure the other Prior Restructuring Bonds or the 2025 Restructuring Bonds.**

2025 Restructuring Bond Structure:

The 2025 Restructuring Bonds will be issued in two subseries, which are secured by the 2025 Collateral (as defined herein).

The 2025TE-1 Restructuring Bonds (Green Bonds) will be issued in ___ tranches. The 2025TE-2 Restructuring Bonds will be issued in ___ tranches. All of the 2025TE-1 Restructuring Bonds (Green Bonds) are Serial Bonds under the Indenture except for Tranche-__ through Tranche-__ which are Term Bonds under the Indenture. All of the 2025TE-2 Restructuring Bonds are Serial Bonds under the Indenture except for Tranche-__ through Tranche-__ which are Term Bonds under the Indenture.

The 2025 Restructuring Bonds with a Final Maturity Date on or prior to _____, 20__, are not subject to optional redemption prior to maturity at the option of the Issuer. The 2025 Restructuring Bonds with a Final Maturity Date on or after _____, 20__, are subject to redemption at the option of the Issuer in whole or in part, in any order, from time to time on any Business Day on and after _____, 20__. See "THE 2025 RESTRUCTURING BONDS —Redemption" in this Official Statement. See "THE 2025 RESTRUCTURING BONDS—Expected Amortization Schedule" in this Official Statement.

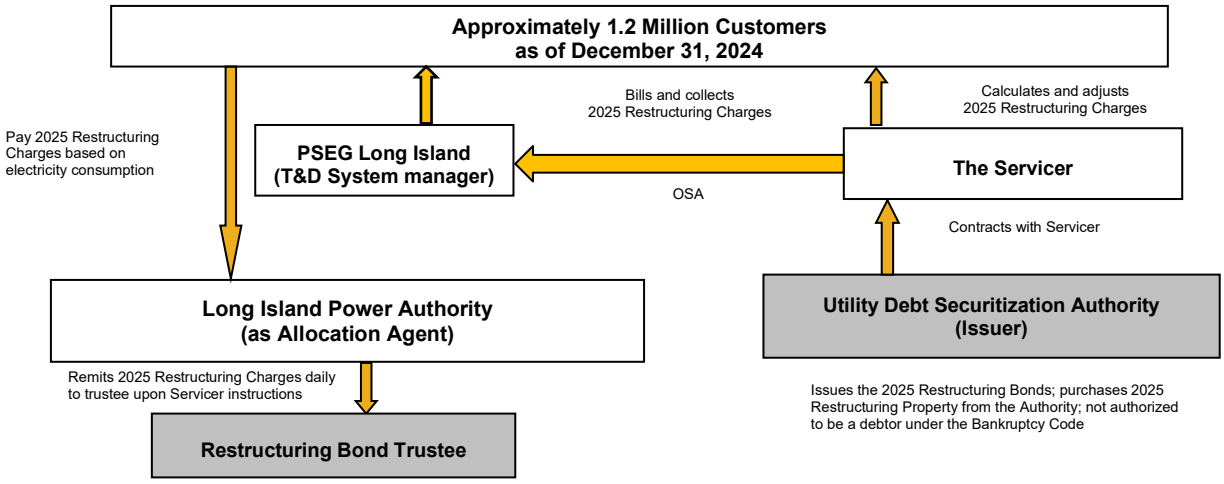
Use of Proceeds:

The 2025 Restructuring Bonds are being issued to provide the Issuer with funds to purchase the 2025 Restructuring Property from the Authority and to pay the Upfront Financing Costs. The Authority will use the proceeds of the sale of the 2025 Restructuring Property to provide for the refunding or retirement of the Retired Debt and to finance System Resiliency Costs. See "PLAN OF FINANCE AND USE OF PROCEEDS" in this Official Statement and Appendix G hereto.

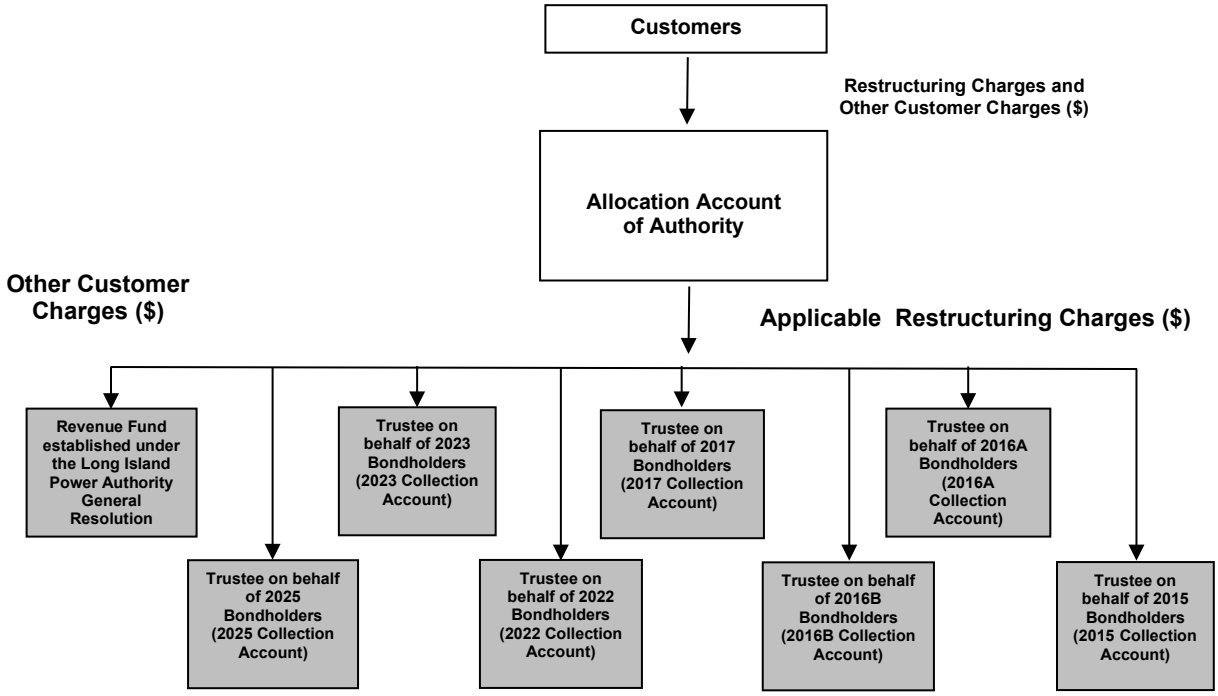
True-Up Adjustment Mechanism:

As required by the Securitization Law and Financing Order No. 8, the 2025 Restructuring Charges will be adjusted at least annually and, if determined by the Servicer in connection with a mid-year review process to be necessary, semi-annually or more frequently, to ensure that the expected collections of the 2025 Restructuring Charges are adequate to timely pay all scheduled payments of principal and interest on the 2025 Restructuring Bonds and all other Ongoing Financing Costs when due. In addition, if, after the mid-year review process, the Servicer determines that an adjustment is not required, the Servicer may voluntarily elect to adjust the 2025 Restructuring Charges to correct for over-collections. Following the last Scheduled Maturity Date of the 2025 Restructuring Bonds, if any such 2025 Restructuring Bonds remain outstanding after such Scheduled Maturity Date, the Servicer is also required to make True-Up Adjustments quarterly to ensure that Charge Collections will be sufficient to

	pay timely principal and interest, and all other Ongoing Financing Costs, due on the next Payment Date. Financing Order No. 8 also permits the Servicer to make True-Up Adjustments more frequently at any time as necessary to ensure the timely scheduled payments of principal and interest on the 2025 Restructuring Bonds, and all other Ongoing Financing Costs when due. Financing Order No. 8 does not cap the level of 2025 Restructuring Charges that may be imposed on Customers as a result of the True-Up Adjustments. Through the True-Up Adjustment, all Customers cross share in the liabilities of all other Customers for the payment of 2025 Restructuring Charges. See "THE FINANCING ORDER—True-Up Adjustment Mechanism" in this Official Statement.
Nonbypassable 2025 Restructuring Charges:	The Securitization Law mandates that the 2025 Restructuring Charges are irrevocable, nonbypassable consumption-based charges. "Nonbypassable" means that the 2025 Restructuring Charges shall be collected from Customers, as long as such Customer is connected to the T&D System Assets and is taking electric delivery service in the Service Area, even if such Customer also produces some of its own electricity or purchases electric generation services from a provider of electric generation services who is not the owner of the T&D System Assets and even if the T&D System Assets are no longer owned by the Authority. Certain Customers that self-generate eligible renewable power will only be responsible for paying 2025 Restructuring Charges based upon their "net-billed" consumption. See "THE FINANCING ORDER—Collection of 2025 Restructuring Charges; Nonbypassability" and "RISK FACTORS—Customer and Delivery Related Risks" in this Official Statement.
State Pledge:	The State has pledged in the Securitization Law that it will not in any way take or permit any action that limits, alters or impairs the value of the 2025 Restructuring Property, or, except as required by the True-Up Adjustment mechanism, reduce, alter, or impair the 2025 Restructuring Charges to be imposed, collected and remitted to Holders until the principal and interest in connection with the 2025 Restructuring Bonds and all other Ongoing Financing Costs have been paid and performed in full. See "THE SECURITIZATION LAW—State Pledge" and "RISK FACTORS" in this Official Statement.
Trustee:	The Bank of New York Mellon. See "THE TRUSTEE" in this Official Statement for a description of the Trustee and its duties and responsibilities under the Indenture.
Servicing Fee:	The annual servicing fee (the "Servicing Fee") relating to the 2025 Restructuring Bonds payable to LIPA, as the initial Servicer, or to any Successor Servicer affiliated with the owner of the T&D System Assets or performing similar services for the owner of the T&D System Assets, shall be 0.05% of the initial aggregate principal amount of the 2025 Restructuring Bonds. In addition, the Servicer will also be reimbursed for its expenses incurred in carrying out its obligations under the Servicing Agreement. The annual Servicing Fee for any Successor Servicer not affiliated with the owner of the T&D System Assets or performing similar services for the owner of the T&D System Assets may be higher than the Servicing Fee for LIPA; provided, however, that any Servicing Fee in excess of 0.60% of the aggregate initial principal amount of the 2025 Restructuring Bonds shall be subject to approval by the Authority and the Trustee.
Parties to Transaction and Responsibilities:	The following chart represents a general summary of the parties to the transactions underlying the offering of the 2025 Restructuring Bonds, their roles and their various relationships to the other parties:



Flow of Funds to Bondholders: The following chart represents a general summary of the flow of Customer payments (including 2025 Restructuring Charges as well as other charges which are not security for the 2025 Restructuring Bonds, including the Prior Restructuring Charges, which are distributed from the Allocation Account described below to the trustees for each of the Prior Restructuring Bonds).



Priority of Payments: On each Payment Date, or for any amount payable under clauses (i) through (iv) below, on any Business Day upon which the Trustee receives a written request from the Administrator stating that any of such Operating Expenses payable by the Issuer will become due and payable prior to the next succeeding Payment Date, the Trustee shall pay or allocate all amounts on deposit in the Collection Account (other than amounts on deposit in the Debt Service Reserve Subaccount, which shall be applied solely to amounts payable under clauses (v) through (vii)

below), including all earnings thereon, to pay the following amounts, in accordance with the Semi-annual Servicer Certificate, in the following priority:

(i) all fees, costs, expenses (including legal fees and expenses) and, to the extent not in excess of $800,000 in each calendar year, indemnity amounts owed by the Issuer to the Trustee under the applicable Basic Documents shall be paid to the Trustee,

(ii) the Servicing Fee for such Payment Date and all unpaid Servicing Fees from prior Payment Dates, to the extent of Servicing Fees not in excess of 0.60% of the aggregate initial principal amount of the 2025 Restructuring Bonds in each calendar year, shall be paid to the Servicer,

(iii) the Administration Fee and all unpaid Administration Fees from prior Payment Dates shall be paid to the Administrator,

(iv) the payment of all other Operating Expenses (other than as provided in clauses (viii) and (ix) below) for such Payment Date shall be paid to the Persons entitled to such payment,

(v) (A) first, any overdue interest (together with, to the extent lawful, interest on such overdue interest at the applicable Bond Interest Rate) and (B) second, interest due on such Payment Date shall be paid to the Holders,

(vi) principal due and payable on the 2025 Restructuring Bonds as a result of an Event of Default (assuming the 2025 Restructuring Bonds have been declared immediately due and payable) or on the Final Maturity Date of a tranche of the 2025 Restructuring Bonds shall be paid to the Holders,

(vii) principal for such Payment Date will be paid to the Holders in accordance with the priorities described in "THE 2025 RESTRUCTURING BONDS—Principal of the 2025 Restructuring Bonds" in this Official Statement,

(viii) indemnity amounts owed by the Issuer to the Trustee to the extent in excess of $800,000 in each calendar year shall be paid to the Trustee and premiums for directors' and officers' liability insurance for trustees and officers of the Issuer shall be paid to the provider of such insurance, or, if such premium is paid by the Administrator pursuant to the Administration Agreement, the amount of such premium shall be paid to the Administrator in reimbursement thereof,

(ix) the Servicing Fee for such Payment Date, and all unpaid Servicing Fees from prior Payment Dates, to the extent of Servicing Fees in excess of 0.60% of the aggregate initial principal amount of the 2025 Restructuring Bonds in each calendar year, shall be paid to the Servicer,

(x) the amount, if any, by which the Required Debt Service Reserve Level (as defined herein) exceeds the amount in the Debt Service Reserve Subaccount (as defined herein) as of such Payment Date will be paid or allocated to the Debt Service Reserve Subaccount,

(xi) the amount, if any, by which the Required Operating Reserve Level (as defined herein) exceeds the amount in the Operating

Reserve Subaccount (as defined herein) as of such Payment Date will be paid or allocated to the Operating Reserve Subaccount,

(xii) the amount, if any, by which the amount in the Debt Service Reserve Fund exceeds the Required Debt Service Reserve Level on any Payment Date shall be retained in the Debt Service Reserve Fund until the next Payment Date, at which time such excess amount in the Debt Service Reserve Fund shall be applied to the payment of amounts then due under clauses (v) through (vii) above prior to any other monies available for such purpose and, to the extent that such excess amount exceeds amounts then due under such clause on such next Payment Date, such excess amount shall continue to be held in the Debt Service Reserve Fund and shall be applied under such clauses (v) through (vii) above prior to any other monies available for such purpose on succeeding Payment Dates until fully applied, and

(xiii) the balance, if any, will be paid or allocated to the Excess Funds Subaccount (as defined herein) for distribution on subsequent Payment Dates.

See "SECURITY FOR THE 2025 RESTRUCTURING BONDS—How Funds in the Collection Account Will Be Allocated" in this Official Statement.

Security: The 2025 Restructuring Bonds are secured only by the 2025 Collateral, consisting primarily of the 2025 Restructuring Property and funds on deposit in the Collection Account for the 2025 Restructuring Bonds and related subaccounts (except for the Upfront Financing Costs Subaccount). The 2025 Collateral does not include the Prior Restructuring Properties, including any of the Prior Restructuring Charges, or any other restructuring property created or any other restructuring charges imposed by any financing orders other than Financing Order No. 8.

The 2025 Restructuring Property consists primarily of the irrevocable right to impose, bill, and collect the nonbypassable consumption-based 2025 Restructuring Charges from all existing and future retail electric customers taking electric transmission or distribution service within the Service Area (as defined herein) from LIPA, the Authority or any of its successors or assignees ("Customers"). For a description of the 2025 Restructuring Property and the 2025 Restructuring Charges, see "THE 2025 RESTRUCTURING PROPERTY" in this Official Statement.

Credit Ratings: The Issuer expects the 2025 Restructuring Bonds will receive credit ratings of "____" by Moody's, "____" by S&P and "____" by Fitch. It is a condition to the issuance of the 2025 Restructuring Bonds that such ratings are received.

Minimum Denomination: The 2025 Restructuring Bonds will be issued in denominations of $5,000 or any integral multiples thereof.

Reports to Bondholders: Pursuant to the Servicing Agreement and the Continuing Disclosure Agreement, the Servicer will provide regular reports prepared by the Servicer containing information concerning, among other things, the Issuer and the 2025 Collateral. See "CONTINUING DISCLOSURE."

Payment Dates and Interest Accrual: Semi-annually, each June 15 and December 15. Interest will be calculated on a 30/360 basis. The first scheduled Payment Date is June 15, 2026. If a Payment Date is not a Business Day, then payment will be made on the next Business Day without additional interest.

Scheduled Maturity Dates and Final Maturity Dates:	A scheduled principal payment amount of the 2025 Restructuring Bonds is payable on each applicable Payment Date, as shown herein. Failure to pay a scheduled principal payment on any applicable Payment Date or the entire outstanding amount of the 2025 Restructuring Bonds of any tranche by the final Scheduled Maturity Date will not result in a default with respect to that tranche. The failure to pay the entire outstanding principal balance of the 2025 Restructuring Bonds of any tranche will result in a default only if such payment has not been made by the Final Maturity Date for the tranche.
Tax Treatment:	Interest on the 2025 Restructuring Bonds is excluded from gross income for federal income tax purposes. Interest on the 2025 Restructuring Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof.
Risk Retention:	The 2025 Restructuring Bonds are not subject to the 5% risk retention requirements imposed by Section 15G of the Exchange Act due to the exemption provided in Rule 19(b)(8) of the risk retention regulations in 17 C.F.R. Part 246 of the Exchange Act or Regulation RR.
Restructuring Charges as a Portion of Customers' Total Electric Bill:	The initial 2025 Restructuring Charge for the 2025 Restructuring Bonds is expected to represent approximately __% of the total bill received by a ___ kWh per month residential Customer. Combined with the Prior Restructuring Charges, the restructuring charges are expected to represent approximately __% of the total bill received by ___ kWh per month residential Customer.
Expected Settlement:	The closing will be on or about December 15, 2025, through DTC.
Legality for Investment:	Pursuant to the Securitization Law, the 2025 Restructuring Bonds are legal investments for all governmental units, financial institutions, insurance companies, fiduciaries, and other persons located in the State that require statutory authority regarding legal investment.
Risk Factors:	**Potential investors should consider carefully the risk factors contained in this Official Statement before investing in the 2025 Restructuring Bonds. See "RISK FACTORS."**
The OSA and Recent Developments:	Commencing January 1, 2014, PSEG Long Island became LIPA's service provider pursuant to the Amended and Restated Operations Services Agreement (the "2014 OSA"). PSEG Long Island is also the retail brand for electric service on Long Island. On December 15, 2021, the 2014 OSA was further amended and restated, effective April 1, 2022 (the "OSA" or "reformed OSA"). The OSA has a base term of 12 years and expires on December 31, 2025. LIPA has an option to extend the existing OSA for up to five years upon mutual agreement of LIPA and PSEG Long Island. On September 25, 2025, LIPA's Board of Trustees approved a five-year extension of the OSA, such extension having been approved by the New York State Attorney General and subject to further approval by the Office of State Comptroller. See "RECENT DEVELOPMENTS – 2024 OSA RFP and 2024 PSMFM RFP" in Appendix A for additional information related to the OSA extension.
The Authority and LIPA Consolidation:	As further described herein, LIPA is in the process of being consolidated into the Authority. Following such consolidation, the Authority will replace LIPA in all of LIPA's current roles, including as Servicer, and intercompany agreements between LIPA and the Authority, including the Financing Agreement, will terminate. All material conditions precedent to the consolidation have been met, including the Rating Agency Condition on the Prior Restructuring Bonds, and the consolidation is expected to be completed in the near future. As LIPA is already a wholly-owned subsidiary of the Authority, the consolidation will not result in practical changes to any existing services provided by LIPA, including services provided in the role of Servicer as described herein. See "THE SELLER – Relationship of the Authority to LIPA."

**$1,016,455,000*
UTILITY DEBT SECURITIZATION AUTHORITY
RESTRUCTURING BONDS, SERIES 2025**

Consisting of:

$112,305,000*	**$904,150,000***
Restructuring Bonds, Series 2025TE-1 (Green Bonds)	**Restructuring Bonds, Series 2025TE-2**

INTRODUCTORY STATEMENT

This Official Statement is provided to furnish information in connection with the issuance by the Issuer of its $1,016,455,000* Restructuring Bonds, consisting of $112,305,000* 2025TE-1 Restructuring Bonds (Green Bonds) and $904,150,000* 2025TE-2 Restructuring Bonds. The 2025 Restructuring Bonds will be issued pursuant to the Indenture. Terms not defined elsewhere herein are used as defined in Appendix B hereto.

The 2025 Restructuring Bonds will be secured primarily by the 2025 Restructuring Property, which will primarily consist of the Authority's irrevocable right to impose, bill and collect a nonbypassable consumption-based 2025 Restructuring Charge from Customers. See "THE 2025 RESTRUCTURING PROPERTY" in this Official Statement. 2025 Restructuring Charges are set and periodically adjusted, as discussed below, to collect amounts sufficient to pay principal of and interest on the 2025 Restructuring Bonds on a timely basis and all other Ongoing Financing Costs. See "THE FINANCING ORDER—True-Up Adjustment Mechanism" in this Official Statement.

The 2025 Restructuring Charges will be collected by (or on behalf of) LIPA, as the initial Servicer, pursuant to the terms of a Servicing Agreement between LIPA and the Issuer. As described herein, the Authority and LIPA have entered into operating agreements, the purpose of which is to provide the Authority and LIPA with the operating personnel and a significant portion of the power supply resources necessary for LIPA to provide electric service in the Service Area. Since January 1, 2014, PSEG Long Island has been the T&D System manager pursuant to the OSA (as defined herein). As used herein, the term "OSA" means the Second Amended and Restated Operations Services Agreement by and between LIPA and PSEG Long Island, as may be further amended and in effect from time to time. As T&D System manager, PSEG Long Island performs a number of the functions that would otherwise be performed by the Servicer as described in more detail herein. See "SERVICER AND ADMINISTRATOR—Servicing the 2025 Restructuring Bonds" in this Official Statement.

Brief descriptions of the Issuer, the Authority, LIPA, the Securitization Law, Financing Order No. 8, the 2025 Restructuring Bonds, the Sale Agreement, the Servicing Agreement, the Administration Agreement, and the Indenture are included in this Official Statement. Those descriptions and summaries do not purport to be comprehensive or definitive. Certain information relating to DTC and the book-entry only system has been furnished by DTC. Appendix C, Appendix D, and Appendix E contain the proposed forms of certain opinions to be delivered in connection with the issuance and delivery of the 2025 Restructuring Bonds. The descriptions of the 2025 Restructuring Bonds and other documents are qualified in their entirety by reference to them. Copies of documents relating to the 2025 Restructuring Bonds may be obtained at the designated office of the Trustee, 240 Greenwich Street, 7E, New York, New York 10286.

INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE

The OSA is filed with the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board ("MSRB") by the Authority and is included by specific cross-reference in this Official Statement.

For convenience, a copy of the Financing Agreement (as defined herein) can be found on the Authority's website (https://www.lipower.org/wp-content/uploads/2016/09/050198-Financing-Agreement.pdf). No statement on the Authority's website is included by specific cross-reference herein.

PLAN OF FINANCE AND USE OF PROCEEDS

The proceeds of the 2025 Restructuring Bonds will be used by the Issuer to pay to the Authority the purchase price of the 2025 Restructuring Property and to pay certain Upfront Financing Costs. The Authority will use the

* Preliminary, subject to change.

monies received from the sale of the 2025 Restructuring Property to facilitate the purchase, redemption, repayment or defeasance of the Retired Debt and to finance System Resiliency Costs (as defined in the Securitization Law). A listing of the Refunded Debt is attached hereto as Appendix G. A listing of the Target Bonds that are accepted by the Issuer and the Authority for tender and purchase, as more particularly described in the Invitation, will be listed in the Schedule 1 attached hereto.

Upfront Financing Costs incurred in connection with the issuance and sale of the 2025 Restructuring Bonds and the creation and acquisition of the 2025 Restructuring Property, net of underwriting discounts and commissions of $_____, net of the deposit to the Operating Reserve Subaccount of $_____ and net of the deposit to the Debt Service Reserve Subaccount of $_____, are estimated to be approximately $_____. The Operating Reserve Subaccount will be funded directly by a deposit made by the Authority from its own available moneys to the Trustee. In addition, to the extent actual Upfront Financing Costs exceed the amount of proceeds of the 2025 Restructuring Bonds available to pay such Upfront Financing Costs, the Authority will make an additional contribution to pay such amount.

This issuance of the 2025 Restructuring Bonds by the Issuer will enable (i) the Issuer to refund or otherwise retire certain of its Prior Restructuring Bonds and (ii) the Authority to finance System Resiliency Costs.

Certain of the Issuer's Prior Restructuring Bonds are not currently callable. On or about November 14, 2025, the Issuer will release an Invitation to Tender Bonds (the "Invitation") inviting owners of the Prior Restructuring Bonds set forth in the Invitation (the "Target Bonds") to tender Target Bonds for purchase (the "Tender Offer"), on the terms and conditions set forth in the Invitation. The purpose of the Tender Offer is to give the Issuer the opportunity to retire the Target Bonds on the date of issuance of the 2025 Restructuring Bonds (the "Settlement Date").

Pursuant to the Tender Offer as set forth in the Invitation, the owners of Target Bonds may tender such Target Bonds for cash and, subject to the conditions set forth therein, the Issuer expects to effectuate the purchase of Target Bonds that are accepted for purchase per the terms and at the purchase prices set forth in the Invitation. The Target Bonds purchased pursuant to the Tender Offer will be canceled on the Settlement Date and shall no longer be deemed "Outstanding" within the meaning of the applicable indenture pursuant to which such Target Bonds were issued. Funds to pay the purchase price of the Target Bonds tendered for purchase, and to pay the costs of the Tender Offer, are expected to be provided by the Authority from the proceeds of the 2025 Restructuring Bonds it receives in exchange for the sale of the Restructuring Property to the Issuer.

This section is not intended to summarize all of the terms of the Invitation, 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. The Issuer and/or the Authority may conduct additional tender and/or exchange offers in the future. The Target Bonds that are accepted by the Issuer and the Authority for tender and purchase, as more particularly described in the Invitation, will be listed in the Schedule 1 attached hereto (the "Tendered Bonds" and, together with the "Refunded Debt," the "Retired Debt").

Designation of 2025TE-1 Restructuring Bonds as Green Bonds

Green Bonds Designation. Per the International Capital Market Association ("ICMA"), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible green projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the 2025TE-1 Restructuring Bonds (Green Bonds) are in conformance with the four core components of the ICMA Green Bond Principles, as described in Kestrel's "Second Party Opinion," which is attached hereto as Schedule 3.

Independent Second Party Opinion on Green Bond Designation and Disclaimer. For over 23 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and the market leader for Second Party Opinions in U.S. public finance. Kestrel reviews corporate and public finance transactions worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Municipal bonds are benchmarked with Kestrel Sustainability Intelligence™ criteria.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the 2025TE-1 Restructuring Bonds (Green Bonds). Second

Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the 2025TE-1 Restructuring Bonds (Green Bonds), and designations do not address the market price or suitability of these bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by the Authority or the Issuer, or that was otherwise made available to Kestrel.

Sustainability and Resilience Profile – 2025TE-2 Restructuring Bonds

Kestrel Sustainability Intelligence for municipal markets helps set the market standard for sustainable finance through verification services and delivery of comprehensive Sustainability Analysis and Scores™.

The Sustainability and Resilience Profile for the 2025TE-2 Restructuring Bonds issued by Kestrel does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the 2025TE-2 Restructuring Bonds. Sustainability and Resilience Profiles provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the 2025TE-2 Restructuring Bonds and do not address the market price or suitability of the 2025TE-2 Restructuring Bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Sustainability and Resilience Profile, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by the Authority or the Issuer or that was otherwise made available to Kestrel. See Schedule 3 attached hereto – Second Party Opinion and Sustainability and Resilience Profile.

THE SECURITIZATION LAW

Background

On June 21, 2013, the New York State Assembly and Senate passed the LIPA Reform Act, codified as Chapter 173, Laws of New York. The Securitization Law is Part B of the LIPA Reform Act. The Securitization Law was signed on July 29, 2013, and on August 28, 2013, the time for filing any challenges to the LIPA Reform Act expired and no such challenges were filed. On March 30, 2015, the New York State Assembly and Senate adopted Chapter 58 of the Laws of New York, 2015 to permit, among other things, the adoption by the Authority Trustees of additional restructuring resolutions and the issuance by the Issuer of additional restructuring bonds in an aggregate principal amount not to exceed $4.5 billion less any previously issued restructuring bonds. On April 13, 2015, the Governor signed such Chapter 58 into law. On May 13, 2015, the time for filing any challenges to the LIPA Reform Act, as amended by such Chapter 58, expired and no such challenges were filed. On June 8, 2021, the New York State Assembly and Senate adopted Chapter 369 of the Laws of New York, 2021, which further amended the Securitization Law to allow for additional issuances of restructuring bonds in an aggregate amount not to exceed $8.0 billion (inclusive of the Prior Restructuring Bonds (defined below)) and permitting the issuance of such restructuring bonds to refund bonds issued by the Issuer and to finance System Resiliency Costs. On September 1, 2021, the time for filing any challenges to Chapter 369 of the Laws of New York, 2021, expired, and no such challenges were filed.

The Authority provides electric service in its service area which includes two counties on Long Island, New York ("Long Island") – Nassau County ("Nassau County") and Suffolk County ("Suffolk County") (except for the Nassau County villages of Freeport and Rockville Centre and the Suffolk County village of Greenport, each of which has its individually-owned municipal electric system) – and a portion of the Borough of Queens of The City of New York known as the Rockaways (the "Service Area"). For purposes of the 2025 Restructuring Bond financing, the "Service Area" is defined by the Securitization Law and is set as the service area of LIPA as of July 29, 2013.

Purpose of Securitization Law

The Securitization Law created the Issuer. The purpose of the Securitization Law is to provide a legislative foundation for its issuance of restructuring bonds to allow the Authority to retire a portion of the outstanding indebtedness of the Authority and the Issuer and to finance System Resiliency Costs. The issuance of restructuring bonds, including the 2025 Restructuring Bonds, for such purposes is expected to result in savings to Customers on a net present value basis.

Authorization of Restructuring Bonds Pursuant to Irrevocable Financing Orders

The Securitization Law authorizes the Authority to adopt financing orders approving the issuance of restructuring bonds. The Securitization Law also provides that any financing order will be irrevocable after the time

for any appeal to such financing order has lapsed. The Securitization Law requires that the proceeds of the restructuring bonds be used by the Issuer to purchase restructuring property from the Authority and to pay or fund upfront financing costs. It also requires that the Authority use the proceeds of the restructuring bonds it receives from its sale of the restructuring property to the Issuer only to pay approved restructuring costs which include, according to Financing Order No. 8, the costs of repurchasing, redeeming, repaying or defeasing certain of the outstanding indebtedness of the Authority and the Issuer, upfront financing costs, System Resiliency Costs, and if funds remain after the approved restructuring costs are paid, to refund or credit to consumers any such surplus, to the extent practical.

Prior Transactions

As authorized by the Securitization Law, as amended by Chapter 58 of the Laws of New York 2015 and Chapter 369 of the Laws of New York 2021, the Issuer has previously issued ten series of restructuring bonds (the "Prior Restructuring Bonds") pursuant to seven restructuring cost financing orders (the "Prior Financing Orders") adopted by the Authority. The Issuer used the proceeds of the Prior Restructuring Bonds authorized by the Prior Financing Orders to purchase the restructuring property created by the related Prior Financing Order (each restructuring property created pursuant to each Prior Restructuring Order is a "Prior Restructuring Property" and all are collectively referred to herein as the "Prior Restructuring Properties"), including related restructuring charges (the restructuring charges related to the Prior Restructuring Property created by each Prior Restructuring Order being referred to herein as "Prior Restructuring Charges"). The Prior Restructuring Property created by each Prior Financing Order was pledged by the Issuer to the payment of the related Prior Restructuring Bonds. The Authority used the net proceeds from the sale of each Prior Restructuring Property to retire debt and other obligations of the Authority, retire debt of the Issuer and finance System Resiliency Costs. **The Prior Restructuring Property created pursuant to each Prior Financing Order secures only the related Prior Restructuring Bonds and does not secure the other Prior Restructuring Bonds or the 2025 Restructuring Bonds.**

Pursuant to the Prior Financing Orders, the Issuer issued $6,268,864,000 aggregate principal amount of restructuring bonds. The Outstanding Principal Amounts reflected below, as of the date of this Official Statement, do not reflect any purchase, redemption, repayment, or defeasance in connection with the issuance of the 2025 Restructuring Bonds.

Prior Financing Order and Date of Adoption	Related Prior Restructuring Bonds	Original Principal Amount	Outstanding Principal Amount
Financing Order No. 2, adopted June 26, 2015	Series 2015 (the "2015 Restructuring Bonds")	$1,002,115,000	$859,460,000
Financing Order No. 3, adopted June 26, 2015	Series 2016A (the "2016A Restructuring Bonds")	$636,770,000	$379,260,000
Financing Order No. 4, adopted June 26, 2015	Series 2016B (the "2016B Restructuring Bonds")	$469,320,000	$124,570,000
Financing Order No. 5, adopted June 26, 2015	Series 2017 (the "2017 Restructuring Bonds")	$369,465,000	$283,325,000
Financing Order No. 6, adopted May 18, 2022	Series 2022T, 2022TE-1 and 2022TE-2 (the "2022 Restructuring Bonds")	$935,655,000	$878,385,000
Financing Order No. 7, adopted May 18, 2022	Series 2023T, 2023TE-1 and 2023TE-2 (the "2023 Restructuring Bonds")	$833,215,000	$815,915,000

2025 Restructuring Property

The Securitization Law authorizes the creation and sale of restructuring property which will include the irrevocable right to impose, bill and collect restructuring charges from Customers. The 2025 Restructuring Bonds are secured by and payable from the restructuring property created by Financing Order No. 8 (the "2025 Restructuring Property").

True-Up Adjustment Mechanism

The Securitization Law requires the Authority to include in any financing order a mechanism requiring that restructuring charges be reviewed and adjusted at least annually and if determined to be necessary, semi-annually or more frequently, to ensure that the expected collection of the restructuring charges is adequate to timely pay all scheduled payments of principal and interest on the applicable restructuring bonds and all other ongoing financing costs when due. The Securitization Law provides that, once restructuring bonds are issued, any adjustments to the related restructuring charge may only be challenged as to mathematical errors in the calculation. See "THE FINANCING ORDER—True-Up Adjustment Mechanism" and "THE SERVICING AGREEMENT—True-Up Adjustment Process" in this Official Statement.

2025 Restructuring Charges are Nonbypassable

The Securitization Law provides that the 2025 Restructuring Charges are irrevocable and nonbypassable. "Nonbypassable" as set forth in the Securitization Law and Financing Order No. 8 means that a Customer is obligated to pay 2025 Restructuring Charges and may not avoid payment of such charges as long as such Customer is connected to the T&D System Assets and is taking electric delivery service in the Service Area, even if such Customer produces its own electricity or purchases electric generation services from a provider of electric generation services who is not the owner of the T&D System Assets and even if the T&D System Assets are no longer owned by the Authority. Customers that self-generate eligible renewable power will only be responsible for paying 2025 Restructuring Charges based upon their "net-billed" consumption. See "FINANCING ORDER – Collection of 2025 Restructuring Charges; Nonbypassability" in this Official Statement.

No Right of Set-Off; Partial Payment of Customer Charges

The obligation to pay the restructuring charges, including the 2025 Restructuring Charges, is not subject to any right of set-off in connection with the bankruptcy of the Servicer or any other entity. If any Customer does not pay the full amount of any bill to the Servicer, the amount paid by the Customer will be applied *pro rata* between the restructuring charges and the other customer charges, based on the percentage of the overall bill of such charges, unless the Customer specifies that a greater proportion of such payment is to be allocated to the restructuring charges, except that other customer charges are to be reduced by the amount of any set-off, counterclaim, surcharge or defense.

State Pledge

As a provision of the Securitization Law, the State has pledged to and agreed with the Issuer, the Authority, the Holders, and other Financing Parties that, until the 2025 Restructuring Bonds and any Ancillary Agreements have been paid and performed in full, the State shall not:

(1) take or permit any action that limits, alters or impairs the value of the 2025 Restructuring Property, or

(2) except as permitted in connection with a true-up adjustment mechanism authorized by the Securitization Law and set forth in Financing Order No. 8, reduce, alter, or impair 2025 Restructuring Charges that are to be imposed, collected, and remitted for the benefit of the Authority, the Issuer, the Holders and other Financing Parties, as applicable, until any and all principal and interest, all other Ongoing Financing Costs and all amounts to be paid to any assignee or Financing Party under any Ancillary Agreement in connection with the 2025 Restructuring Bonds have been fully paid or performed in full. See "RISK FACTORS" in this Official Statement and "Appendix D—Proposed Form of Opinion of Bond Counsel Relating to New York and Federal Constitutional Matters" hereto.

Trustee's Lien on 2025 Restructuring Property Protected

The Securitization Law provides that the lien on the 2025 Restructuring Property will be perfected, valid and binding from the time when the pledge is made. The pledge is made in favor of the Trustee for the benefit of the Bondholders. The security interest will attach without any physical delivery of collateral or other act and such security interest shall (i) be valid, binding and perfected against all parties having claims of any kind in tort, contract or otherwise, regardless of whether the parties have notice of the lien and (ii) constitute a continuously perfected security interest and have priority over any other lien, created by operation of law or otherwise, that may subsequently attach to the 2025 Restructuring Property or those rights or interests.

The Securitization Law provides that the priority of security interests in the 2025 Restructuring Property will not be affected by:

- commingling of funds arising from 2025 Restructuring Charges with other funds, or
- any application of the True-Up Adjustment under Financing Order No. 8.

See "RISK FACTORS—Risks Associated with the Unusual Nature of the 2025 Restructuring Property" in this Official Statement.

Right of Sequestration

The Securitization Law provides that if the Authority, LIPA or any third-party biller defaults in the required payment of 2025 Restructuring Charges collected by it, a New York court, upon application by an interested party and without limiting any other remedies available to that applicant, is required to order the sequestration and payment of the collections for the benefit of Bondholders, any assignee, and any Financing Party.

Transfer Characterized as True Sale

The Securitization Law provides that, if the governing documentation in a transaction approved in a financing order states that the transfer is a sale or other absolute transfer, the Authority's transfer of the 2025 Restructuring Property to the Issuer is a "true sale" under New York law and not a pledge or other financing (other than for federal, state and local income and franchise tax purposes). See "THE SALE AGREEMENT" and "RISK FACTORS—Risks Associated with Potential Bankruptcy Proceedings" in this Official Statement. The Securitization Law also provides that the characterization of the sale, assignment or transfer as an absolute transfer and true sale and the corresponding characterization of the property interest of the Issuer shall not be adversely affected or impaired by, among other things, the occurrence of any of the following:

- commingling of revenues or other proceeds from 2025 Restructuring Charges with other amounts,
- retention by the Seller of a partial or residual interest in the 2025 Restructuring Property or the right to recover costs associated with taxes, payments in lieu of taxes, franchise fees or license fees imposed on the collection of 2025 Restructuring Charges,
- any recourse that the Issuer may have against the Seller,
- any indemnification rights, obligations or repurchase rights made or provided by the Seller,
- the obligation of the Seller to collect 2025 Restructuring Charges on behalf of an assignee,
- the treatment of the sale, assignment or transfer for tax, financial reporting or other purposes,
- any subsequent order of the Seller amending Financing Order No. 8, or
- any application of the True-Up Adjustment mechanism provided in the Securitization Law.

Transfer and Ownership of 2025 Restructuring Property is Tax-Exempt

The Securitization Law provides that the transfer and ownership of 2025 Restructuring Property and the imposition, billing, and collection of 2025 Restructuring Charges are exempt from all taxes and similar charges imposed by the State or any county, municipal corporation, school district, local authority or other subdivision.

THE FINANCING ORDER

General; Creation of 2025 Restructuring Property; Irrevocability

The 2025 Restructuring Bonds will be issued pursuant to Financing Order No. 8. Financing Order No. 8 permits the Issuer to issue, in one or more series, additional restructuring bonds in an aggregate amount not to exceed $8 billion less the original principal amount of Prior Restructuring Bonds (the "Order Cap"). Financing Order No. 8 authorizes: (a) the creation of the 2025 Restructuring Property, (b) the sale of the 2025 Restructuring Property by the Authority to the Issuer, (c) the imposition, billing and collection of the 2025 Restructuring Charges on, to and from the Customers in the Service Area, (d) the issuance and sale of restructuring bonds in an aggregate principal amount not to exceed the Remaining Authorized Amount, (e) the use by the Issuer of the proceeds from the sale of the 2025 Restructuring Bonds to pay the purchase price of the 2025 Restructuring Property and the Upfront Financing Costs, and (f) the use by the Authority of the proceeds of the sale of the 2025 Restructuring Property to facilitate the purchase, redemption, repayment, or defeasance of the Retired Debt and to pay System Resiliency Costs. The Securitization Law required the Authority to submit Financing Order No. 8 to the PACB for its approval. The PACB approved

Financing Order No. 8 on May 18, 2022. The PACB has no authority to reconsider Financing Order No. 8. Pursuant to the Securitization Law, Financing Order No. 8 became irrevocable, final and non-appealable on June 17, 2022.

Under Financing Order No. 8, the Servicer has the right to impose, bill and collect (on behalf of the Issuer) 2025 Restructuring Charges, which right is included in the 2025 Restructuring Property sold to the Issuer. As provided in the Securitization Law, Financing Order No. 8 is irrevocable and is not subject to modification or termination, and acknowledges that the State of New York has pledged not to take or permit any action that limits, alters or impairs the value of the 2025 Restructuring Property or, except as required by the true-up adjustment mechanism, reduce, alter or impair the 2025 Restructuring Charges that are imposed, billed or collected for the benefit of the Bondholders, any assignee, and any Financing Parties until all principal of and interest on the 2025 Restructuring Bonds, all other Ongoing Financing Costs, and all amounts to be paid to an assignee or Financing Party under certain agreements entered into in connection with the 2025 Restructuring Bonds are paid or performed in full.

Concurrent with the adoption of Financing Order No. 8, the Authority adopted, and the PACB approved, Financing Order No. 9 authorizing the issuance of additional Restructuring Bonds in an amount not to exceed the Order Cap (inclusive of the Prior Restructuring Bonds and the 2025 Restructuring Bonds, when, as and if issued). The Authority's issuing authority under Financing Order No. 9 lapses on December 31, 2025. Consistent with the Securitization Law, any additional Restructuring Bonds may only be issued pursuant to additional financing orders adopted by the Authority, subject to PACB approval.

Collection of 2025 Restructuring Charges; Nonbypassability

Financing Order No. 8 provides that the Customers are responsible for paying the 2025 Restructuring Charges as long as such Customer is connected to the T&D System Assets and is taking electric delivery service in the Service Area, even if such Customer produces its own electricity or purchases electric generation services from a provider of electric generation services other than the owner of the T&D System Assets and even if the T&D System Assets are no longer owned by the Authority. Financing Order No. 8 authorizes the Servicer to collect 2025 Restructuring Charges from such Customers. See "SERVICER AND ADMINISTRATOR—Revenues, LIPA's Customer Bases and Electric Energy Consumption—Electricity Delivered to Customers, Total Electricity Delivery Service Revenues and Customers" in this Official Statement. Certain Customers that self-generate eligible renewable power will only be responsible for paying 2025 Restructuring Charges based upon their "net-billed" consumption. Customers that participate in retail choice and community choice aggregation programs are also required to pay the 2025 Restructuring Charges. See "THE SELLER – Service Area" in this Official Statement.

The Authority's tariff provides for net metering of certain residential and nonresidential customer-generators of renewable power, such as solar, wind, farm waste, micro-combined heat and power, fuel cells, micro-hydroelectric and hybrids. The net meters measure only the net electricity provided to or by the customer-generator using the T&D System. On March 9, 2017, the New York Public Service Commission (the "PSC") adopted the first phase of its net metering successor plan (the Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, And Related Matters, New York Public Service Commission Case 15-E-0751 (the "Phase One Order")), which provides a new mechanism for utility compensation of certain distributed energy resources interconnected after March 9, 2017. Under the Phase One Order, large commercial customers will be compensated with a value stack comprising values for energy, capacity, environmental, and demand reduction costs. Notwithstanding the fact that the Authority is not subject to PSC jurisdiction, the Authority implemented the PSC's net metering successor plan within the Service Area, including value stack compensation for large commercial customers, on January 1, 2018. The second phase of PSC's net metering successor plan ("Phase Two") includes a net metering successor tariff for new mass-market net metering systems. Under Phase Two, the PSC has ordered the investor-owned utilities to establish a Customer Benefits Contribution ("CBC") charge, payable by new net metered systems connecting after January 1, 2022, to recover the costs of certain programs that benefit customers and support state policy goals, such as the cost of low-income customer discounts and energy efficiency incentives. The Authority Board adopted a similar CBC in December 2021. The Authority's CBC included a two-year phase-in, which began on January 1, 2022 and was completed on January 1, 2024. As of July 31, 2025, the Authority has net metering arrangements with eligible customer-generators in the Service Area equal to approximately 14.6% of the Authority's peak load in 2024.

Financing Order No. 8 does not cap any of the ongoing costs that may be recovered through the 2025 Restructuring Charge, and there is no cap on the level of 2025 Restructuring Charges that may be imposed on Customers through the true-up adjustment mechanism, which is designed to assure the expected collection of amounts required to pay scheduled principal and interest on the 2025 Restructuring Bonds and all other Ongoing Financing Costs on a timely basis. Accordingly, such 2025 Restructuring Charges may continue to be imposed, billed and

collected until the 2025 Restructuring Bonds and all Ongoing Financing Costs are paid in full, without any specified time limit. Financing Order No. 8 contains a conclusion of law that the 2025 Restructuring Charges are "Transition Charges" as defined in the Authority's Electric System General Revenue Bond Resolution adopted on May 13, 1998 (the "General Resolution"), and that they are not subject to the lien of the General Resolution. In addition, the Authority will make a representation in the Sale Agreement to the effect that it is transferring the 2025 Restructuring Property free of any Liens. Nixon Peabody LLP, as Bond Counsel, expects to render an opinion in connection with the issuance of the 2025 Restructuring Bonds to the effect that the 2025 Restructuring Charges are not subject to the lien of the General Resolution or the Subordinated General Resolution.

Terms of the 2025 Restructuring Bonds

Financing Order No. 8 provides certain parameters for the issuance of the 2025 Restructuring Bonds, including that there will be a Scheduled Maturity Date and a Final Maturity Date for each tranche (that will not be more than two years following the Scheduled Maturity Date). With respect to 2025 Restructuring Bonds issued to finance System Resiliency Costs, no Final Maturity Date will be later than 30 years from the date of issuance. With respect to 2025 Restructuring Bonds issued to purchase, redeem, repay or defease the Retired Debt, the final Scheduled Maturity Date shall be no later than the final Scheduled Maturity Date of the Retired Debt to be purchased, redeemed, repaid or defeased with the proceeds of such 2025 Restructuring Bonds. As described below, the Issuance Advice Letter will confirm the final interest rates and certain other terms for the 2025 Restructuring Bonds.

2025 Restructuring Charges on Customer Bills

The Servicer will disclose on each Customer's monthly bill by a footnote or other description the amount of the 2025 Restructuring Charge or the amount of the 2025 Restructuring Charge per kWh. Such description will include a statement that the 2025 Restructuring Charge is payable to the Issuer. The calculation of the initial 2025 Restructuring Charge will be set forth in the Issuance Advice Letter. See "THE 2025 RESTRUCTURING PROPERTY—2025 Restructuring Charges" in this Official Statement.

True-Up Adjustment Mechanism

During the life of the 2025 Restructuring Bonds, the Servicer will calculate and adjust the 2025 Restructuring Charges at least annually (each, an "Annual True-Up Adjustment"), effective each November 15, commencing with November 15, 2026, to correct for any over-collections or under-collections to the end of the then current Annual Calculation Period (the next succeeding December 15) and to ensure that the 2025 Restructuring Charge during the period commencing on each November 15 and ending on the following November 14 is adequate to pay timely principal and interest on the 2025 Restructuring Bonds when due pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs due during the period beginning on the next December 16 and ending on the following December 15 (each an "Annual Calculation Period"). Before April 15, 2026 and prior to April 15 of each year thereafter, the Servicer is also required to perform a mid-year review (each, a "Mid-Year Review") to ensure that the expected collections of 2025 Restructuring Charges are adequate to pay timely principal and interest on the 2025 Restructuring Bonds when due and to make timely payment on all other Ongoing Financing Costs to the end of the then current Annual Calculation Period (the next succeeding December 15). If a Mid-Year Review results in a projection that the Charge Collections will be insufficient to make such payments, the Servicer must file a notice of adjustment (the "Mandatory Mid-Year True-Up Adjustment") to ensure that the 2025 Restructuring Charge during the period beginning on May 15 and ending on the following May 14 is adequate to pay timely principal and interest on the 2025 Restructuring Bonds when due pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs due during the period beginning on the next June 16 and ending on the following June 15 (each such period a "Mid-Year Calculation Period"). If it is determined that a Mandatory Mid-Year True-Up is not required, the Servicer may nevertheless voluntarily elect to file a notice of adjustment (i) to correct for any over-collections to date and anticipated to be experienced up to the end of the then current Mid-Year Calculation Period and (ii) to ensure that the 2025 Restructuring Charge during the period beginning on May 15 and ending on the following May 14 is adequate to pay timely principal and interest on the 2025 Restructuring Bonds when due pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs due during the next Mid-Year Calculation Period (a "Voluntary Mid-Year True-Up Adjustment"). Any such notice of adjustment for a Mandatory Mid-Year True-Up or a Voluntary Mid-Year True-Up shall be filed no later than April 15 of such calendar year, to be effective on May 15 of such calendar year.

The Servicer may file a true-up adjustment more frequently at any time to ensure that the expected collections of the 2025 Restructuring Charges are adequate to pay timely principal and interest on the 2025 Restructuring Bonds

when due pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs (each, an "Optional True-Up Adjustment"). In addition, following the last Scheduled Maturity Date of the 2025 Restructuring Bonds, if and so long as any such 2025 Restructuring Bonds remain outstanding after such Scheduled Maturity Date, the Servicer is also required to make such true-up adjustments quarterly to ensure that Charge Collections will be sufficient to pay timely principal and interest, and all other Ongoing Financing Costs due on the next Payment Date (each, a "Quarterly True-Up Adjustment" and, together with Annual True-Up Adjustments, Mandatory Mid-Year True-Up Adjustments, Voluntary Mid-Year True-Up Adjustments, and Optional True-Up Adjustments, a "True-Up Adjustment"). The Quarterly True-Up Adjustments will be set at levels estimated to generate revenues sufficient to pay all principal and interest on the 2025 Restructuring Bonds on the next Payment Date, together with all other Ongoing Financing Costs.

The adjustments to the 2025 Restructuring Charges will continue until principal of and interest on the 2025 Restructuring Bonds and all other Ongoing Financing Costs have been paid or performed in full.

There is no cap on the amount of 2025 Restructuring Charges that may be imposed on Customers as a result of a True-Up Adjustment.

The Servicer must file with the Authority and the Issuer, approximately 30 days before the effective date of an adjustment, an Adjustment Notice to the 2025 Restructuring Charge during which period the Authority may confirm the mathematical accuracy of the Servicer's adjustment. Each True-Up Adjustment will go into effect on a bills rendered basis on a date which is no earlier than 30 days subsequent to the date of submission of the Adjustment Notice. In the event any correction is necessary to a True-Up Adjustment due to mathematical errors in the calculation of the adjustment or otherwise is necessary, the adjustment to the mathematically incorrect 2025 Restructuring Charge adjustment will take effect no sooner than the billing cycle in the month that begins at least five days after the Authority notifies the Servicer of its determination that the calculation of such True-Up Adjustment is mathematically inaccurate.

Issuance Advice Letter

By no later than three Business Days following the pricing date for the 2025 Restructuring Bonds and prior to their issuance, the Servicer will, as required under Financing Order No. 8, file with the Authority and the Issuer an Issuance Advice Letter, pursuant to which the Servicer will:

- calculate the aggregate expected savings to Customers from the financing,
- estimate the Ongoing Financing Costs,
- determine and specify the initial 2025 Restructuring Charge, and
- evidence the final terms on which the 2025 Restructuring Bonds will be issued.

A designee of the Authority is authorized under Financing Order No. 8 to review and approve the Issuance Advice Letter for the purpose of confirming that the stated terms are consistent with Financing Order No. 8. This designee's approval and confirmation shall constitute the Authority's approval and confirmation, and will be final and incontestable, without need for further action by the Authority.

Servicing Agreement

In Financing Order No. 8, the Issuer and LIPA were authorized to enter into the Servicing Agreement described under "The Servicing Agreement" in this Official Statement. Pursuant to the OSA, PSEG Long Island is the T&D System manager and performs, among other things, the billing and collection, meter reading and forecasting required by the Servicing Agreement on behalf of the Servicer. LIPA is responsible for taking all necessary action in connection with True-Up Adjustments and certain reporting requirements. See "SERVICER AND ADMINISTRATOR—Servicing the 2025 Restructuring Bonds" and "THE SERVICING AGREEMENT—Servicing Procedures" in this Official Statement.

Binding on Successors

Financing Order No. 8 and the 2025 Restructuring Charges authorized in Financing Order No. 8 are binding on the Authority, LIPA, any successor to the Authority or LIPA and any Successor Servicer to LIPA.

THE 2025 RESTRUCTURING PROPERTY

Overview

The 2025 Restructuring Property of the Authority consists generally of its property, rights and interests under Financing Order No. 8, including the Authority's irrevocable right:

- to impose, bill and collect irrevocable, nonbypassable 2025 Restructuring Charges from each Customer, and
- to adjust those 2025 Restructuring Charges, in accordance with the true-up adjustment mechanism set forth in Financing Order No. 8, in an amount sufficient to pay principal and interest on its 2025 Restructuring Bonds and all other Ongoing Financing Costs approved under Financing Order No. 8.

The 2025 Restructuring Property also includes all revenues, collections, claims, payments, money or proceeds from the 2025 Restructuring Charges.

The Issuer will purchase the 2025 Restructuring Property from the Seller. The 2025 Restructuring Bonds are secured primarily by the 2025 Restructuring Property. The 2025 Restructuring Property is not a receivable and, as the primary collateral securing the 2025 Restructuring Bonds, is not a pool of receivables. Charge Collections from the 2025 Restructuring Charges, as such charges may be adjusted pursuant to the True-Up Adjustment mechanism, will be used to pay principal of and interest on the 2025 Restructuring Bonds and all other Ongoing Financing Costs approved under Financing Order No. 8. These irrevocable nonbypassable charges will be included in the Customers' bills, and will be collected until the 2025 Restructuring Bonds and all Ongoing Financing Costs are paid in full. 2025 Restructuring Charges may not be reduced, altered or impaired except for periodic adjustments, in accordance with the True-Up Adjustment mechanism, to correct over-collections or under-collections to ensure the recovery of amounts sufficient to timely pay principal of and interest on the 2025 Restructuring Bonds and all other Ongoing Financing Costs. All revenues and collections from 2025 Restructuring Charges provided for in Financing Order No. 8 are part of the 2025 Restructuring Property.

Creation of 2025 Restructuring Property

Under Financing Order No. 8, the 2025 Restructuring Property is created simultaneously with its sale to the Issuer. The 2025 Restructuring Property is a property right consisting generally of the irrevocable right to impose, bill and collect 2025 Restructuring Charges from Customers, the right to adjust those 2025 Restructuring Charges and the right to all revenues, collections, claims, payments, money or proceeds of or arising from the 2025 Restructuring Charges and the property, rights and interests created under Financing Order No. 8. The 2025 Restructuring Bonds will be secured by the 2025 Restructuring Property, as well as the other 2025 Collateral described under "THE SECURITY FOR THE 2025 RESTRUCTURING BONDS—Pledge of 2025 Collateral" in this Official Statement.

2025 Restructuring Charges

The 2025 Restructuring Charges will be set and adjusted thereafter as necessary to generate revenues required:

- to pay fees and expenses related to the servicing and collection and retirement of the 2025 Restructuring Bonds including, without limitation, fees and expenses related to Trustee costs, rating agency surveillance fees, legal and accounting fees which are included in the Ongoing Financing Costs, as well as adjustments for dealing with estimated and actual costs,
- to pay interest on the 2025 Restructuring Bonds,
- to pay principal of each tranche of such 2025 Restructuring Bonds according to the Expected Amortization Schedule,
- to replenish the Operating Reserve Subaccount and the Debt Service Reserve Subaccount to the Required Operating Reserve Level and the Required Debt Service Reserve Level, respectively, and
- to pay all additional fees, costs and charges and all other Ongoing Financing Costs approved under Financing Order No. 8.

THE 2025 RESTRUCTURING BONDS

General

The 2025 Restructuring Bonds will be dated the Issuance Date, and interest thereon will be payable on each Payment Date. The initial principal amount, Scheduled Maturity Dates, Final Maturity Dates and Interest Rate of each tranche of 2025 Restructuring Bonds is set forth on the inside cover page of this Official Statement.

The 2025 Restructuring Bonds will be issued in denominations of $5,000 or any integral multiple thereof.

The 2025 Restructuring Bonds originally will be issued solely in book-entry only form to DTC or its nominee, Cede & Co., to be held in DTC's book-entry only system. So long as the 2025 Restructuring Bonds are held in the book-entry only system, DTC or its nominee will be the registered owner of the 2025 Restructuring Bonds for all purposes of the Indenture, the 2025 Restructuring Bonds and this Official Statement. For purposes of this Official Statement, DTC or its nominee, and its successors, are referred to as the "Securities Depository." See "—Securities Depository" below.

The Bank of New York Mellon is the Trustee under the Indenture and is the Bond Registrar, Authenticating Agent and Paying Agent for the 2025 Restructuring Bonds.

Payments on the 2025 Restructuring Bonds will be made to the holders of the 2025 Restructuring Bonds as of the Record Date, or special record date, as established in the Indenture. If any Payment Date or special payment date specified for any payments to Bondholders is not a Business Day, the Trustee will make payments scheduled to be made on the next succeeding Business Day and no interest will accrue during the intervening period.

Interest on the 2025 Restructuring Bonds

Interest on the 2025 Restructuring Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be paid to the Holder as of the Business Day preceding each Payment Date, beginning June 15, 2026, in immediately available funds by wire transfer as long as the Securities Depository is the Holder and otherwise subject to a minimum holding on the Payment Date. If any interest on the 2025 Restructuring Bonds is due on a non-Business Day, it will be made on the next Business Day, and no additional interest will accrue as a result.

The failure to pay accrued interest on any Payment Date (even if the failure is caused by a shortfall in 2025 Restructuring Charges received) will result in an Event of Default for the 2025 Restructuring Bonds unless such failure is cured within five Business Days. Any interest not paid when due (plus interest on the defaulted interest at the applicable interest rate to the extent lawful) will be payable to the Bondholders on a special record date as provided in the Indenture and the Administration Agreement.

Principal of the 2025 Restructuring Bonds

Scheduled payments of principal on each tranche of the 2025 Restructuring Bonds are reflected on the Expected Amortization Schedule below.

To the extent funds are available in the Collection Account (other than funds in the Upfront Financing Costs Subaccount), principal payments shall be made on each applicable Payment Date in accordance with the priority of payment set forth below under the heading "SECURITY FOR THE 2025 RESTRUCTURING BONDS —How Funds in the Collection Account Will Be Allocated," with scheduled payments of principal of the 2025 Restructuring Bonds being made to the Holders of the 2025 Restructuring Bonds in order of their Final Maturity Dates.

No principal payment on any tranche of 2025 Restructuring Bonds shall be made on any Payment Date prior to the payment in full of all of the principal of all tranches of such 2025 Restructuring Bonds with an earlier Final Maturity Date and no principal payments on any tranche of 2025 Restructuring Bonds shall be made until interest due on all Bonds on such Payment Date is paid in full. No principal payment shall be made on any 2025 Restructuring Bonds Tranches-__ through Tranches-__ prior to the Scheduled Maturity Date for such 2025 Restructuring Bonds. Notwithstanding the foregoing, if an Event of Default under the Indenture should occur and be continuing, the unpaid principal amount of all 2025 Restructuring Bonds and the accrued interest thereon may be declared immediately due and payable (see "THE INDENTURE—Events of Default" and "THE INDENTURE—Remedies–Acceleration" in this Official Statement). In addition, the 2025 Restructuring Bonds subject to optional redemption may be optionally redeemed (see "—Redemption–Optional Redemption" below).

Partial payments of any scheduled payments will be allocated within 2025 Restructuring Bonds of a particular tranche *pro rata*. Partial payments of any scheduled payments will be allocated between tranches of 2025 Restructuring Bonds with the same Final Maturity Date on a *pro rata* basis.

The entire unpaid principal balance of each tranche of the 2025 Restructuring Bonds will be due and payable on the Final Maturity Date for the tranche. It shall not constitute an Event of Default if Bonds are not paid earlier in accordance with the Expected Amortization Schedule (so long as all available amounts held under the Indenture are applied in accordance with its provisions).

The Trustee will make each payment other than the final payment with respect to any 2025 Restructuring Bonds to the holders of record of the 2025 Restructuring Bonds of the applicable tranche on the Record Date for that Payment Date. The Trustee will make the final payment for each tranche of 2025 Restructuring Bonds, however, only upon presentation and surrender of the 2025 Restructuring Bonds of that tranche at the office or agency of the Trustee specified in the notice given by the Trustee of the final payment. The Trustee will mail notice of the final payment to the Bondholders no later than five days prior to the final Payment Date, specifying the date set for the final payment and the amount of the payment.

The Expected Amortization Schedule is set forth below for each tranche of the 2025 Restructuring Bonds.

Expected Amortization Schedule

Tranche	Initial Principal Amount	Scheduled Maturity Date*	Final Maturity Date*

* If such date is not a Business Day, then payment will be made on the next Business Day without additional interest.

The rate of principal payments on each tranche of the 2025 Restructuring Bonds, the aggregate amount of each interest payment on each tranche of the 2025 Restructuring Bonds and the actual final Payment Date of each tranche of the 2025 Restructuring Bonds will depend on the timing of the Servicer's receipt of 2025 Restructuring Charges from Customers. Changes in the expected weighted average lives of the tranches of the 2025 Restructuring Bonds in relation to variances in actual energy consumption levels (retail electricity delivery service sales) from forecast levels, are shown below.

Weighted Average Life Sensitivity

		-5% (1.85 Standard Deviations from Mean)		-15% (8.18 Standard Deviations from Mean)	
Tranche	Expected Weighted Average Life (Years)	Weighted Average Life (Years)	Change (days)	Weighted Average Life (Years)	Change (days)

Assumptions. For the purposes of preparing the chart above, the following assumptions, among others, have been made: (i) the forecast error stays constant over the life of the 2025 Restructuring Bonds and is equal to an overestimate of electricity consumption of 5% (1.85 standard deviations from the mean) or 15% (8.18 standard deviations from the mean) as stated in the chart above, (ii) the Servicer makes timely and accurate filings to true-up the 2025 Restructuring Charge semi-annually, (iii) Customers remit all 2025 Restructuring Charges 30 days after such charges are billed, (iv) the Trustee and Administrator Fees are $900,000, and the Servicing Fee is 0.05% of the initial principal amount of the 2025 Restructuring Bonds, and there are no other costs or expense reimbursements, (v) there is no acceleration of the Final Maturity Date of the 2025 Restructuring Bonds, (vi) none of the 2025 Restructuring Bonds that are subject to optional redemption prior to maturity are optionally redeemed, and (vii) the closing date is December 15, 2025.

The rate of principal payments, the amount of each interest payment and the actual final Payment Date of each tranche of the 2025 Restructuring Bonds will depend primarily on the timing of receipt of collected 2025 Restructuring Charges by the Trustee as adjusted by the True-Up Adjustment mechanism. The aggregate amount of collected 2025 Restructuring Charges and the rate of principal amortization on the 2025 Restructuring Bonds will depend, in part, on actual energy usage and the rate of delinquencies and write-offs. The 2025 Restructuring Charges are required to be adjusted from time to time based in part on the actual rate of collected 2025 Restructuring Charges. However, there is no assurance that the Servicer or its subcontractor will be able to forecast accurately actual electricity usage and the rate of delinquencies and write-offs or implement adjustments to the 2025 Restructuring Charges that will cause collected 2025 Restructuring Charges to be received at any particular rate. See "RISK FACTORS—Servicing and Operating Risks" and "THE FINANCING ORDER—True-Up Adjustment Mechanism" in this Official Statement.

The 2025 Restructuring Bonds may be retired later than expected. Except in the event of an acceleration of the Final Maturity Date of the 2025 Restructuring Bonds after an Event of Default, however, the 2025 Restructuring Bonds will not be paid at a rate faster than that contemplated in the Expected Amortization Schedule for each tranche of the 2025 Restructuring Bonds even if the receipt of collected 2025 Restructuring Charges is accelerated. Instead, receipts in excess of the amounts necessary to amortize the 2025 Restructuring Bonds in accordance with the Expected Amortization Schedule, to pay interest and redemption price, if any, and all other Ongoing Financing Costs and any other related fees and expenses and to fund deficiencies in the Operating Reserve Subaccount and the Debt Service Reserve Subaccount will be allocated to the Excess Funds Subaccount. Amounts on deposit in the Excess Funds Subaccount will be taken into consideration in calculating the next True-Up Adjustment. Acceleration of the Final Maturity Date after an Event of Default in accordance with the terms thereof may result in payment of principal earlier than the related Scheduled Maturity Dates.

Fees and Expenses

As set forth in the table below, the following annual fees and expenses will be payable from Charge Collections and Investment Earnings before debt service payments are made on the 2025 Restructuring Bonds.

Recipient	Fees and Expenses Payable
Trustee	Trustee fees, indemnity payments (to the extent not in excess of $800,000 in each calendar year) and expense reimbursements
Servicer	Servicing Fees not in excess of (i) 0.05% of the aggregate initial principal amount of the 2025 Restructuring Bonds (plus reimbursement for costs and expenses incurred in carrying out its obligations under the Servicing Agreement) or (ii) 0.60% for a Successor Servicer not affiliated with the owner of the T&D System Assets or performing similar services for the owner of the T&D System Assets
Administrator	$100,000 annually
Issuer	Indemnity payments and expense reimbursements

That portion of the annual Servicing Fee payable to any Servicer not affiliated with the owner of the T&D System Assets or performing similar services for the owner of the T&D System Assets in excess of 0.60% of the aggregate initial principal amount of the 2025 Restructuring Bonds shall be paid after debt service payments are made on the 2025 Restructuring Bonds. Indemnity amounts due to the Trustee in excess of $800,000 in each calendar year shall also be paid after debt service payments are made on the 2025 Restructuring Bonds.

Redemption

Optional Redemption.[*]

The 2025 Restructuring Bonds with a Final Maturity Date on or prior to _____, 20__, are *not* subject to optional redemption prior to maturity at the option of the Issuer. The 2025 Restructuring Bonds with a Final Maturity Date on or after _____, 20__, are subject to redemption at the option of the Issuer in whole or in part, in any order, from time to time on any Business Day on and after _____, 20__, upon payment of the redemption price of 100% of the principal amount of the 2025 Restructuring Bonds to be redeemed, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemption; Expected Sinking Fund Schedules. The Term Bonds under the Indenture shall be subject to redemption, on and after the applicable dates set forth below from Sinking Fund Payments, at a redemption price of 100% of the principal amount of the applicable Term Bonds to be redeemed, together with accrued interest to the redemption date. On each Scheduled Sinking Fund Redemption Date, the applicable Term Bonds shall be redeemed, from and to the extent of funds available for such purpose, until the Outstanding Amount of such Term Bonds has been reduced to an amount equal to the Minimum Remaining Outstanding Amount for such Term Bonds for such date. As used herein, the Minimum Remaining Outstanding Amount for the applicable Term Bonds shall mean the amount shown below as the Minimum Remaining Outstanding Amount, subject to the next succeeding sentence. In the event that a portion of such Term Bonds shall no longer be outstanding on a Scheduled Sinking Fund Redemption Date by reason other than mandatory sinking fund redemption, the Minimum Remaining Outstanding Amount for each such date shown below shall be reduced *pro rata* to the extent practicable given the Minimum Denominations permitted for such Term Bonds to reflect the remaining Outstanding Amount of the applicable Term Bonds. The reduced Minimum Remaining Outstanding Amount for each Scheduled Sinking Fund Redemption Date shown below shall be conclusively evidenced by delivery of an Officer's Certificate to the Trustee setting forth such amount. Any amounts paid on the Term Bonds on the Final Maturity Date shall be applied as a payment of a maturity of such Term Bonds and not as a redemption. The Expected Sinking Fund Schedules below set forth the Scheduled Sinking Fund Redemption Dates, the scheduled Outstanding Amount as of each such

[*] Preliminary, subject to change.

date, the scheduled Sinking Fund Payment for each such date and the Minimum Remaining Outstanding Amount as of such date for each Term Bond.

EXPECTED SINKING FUND SCHEDULE – 2025TE-1
TRANCHE __

Scheduled Sinking Fund Redemption Date	Scheduled Outstanding Amount	Scheduled Sinking Fund Payment	Minimum Remaining Outstanding Amount

EXPECTED SINKING FUND SCHEDULE – 2025TE-2
TRANCHE __

Scheduled Sinking Fund Redemption Date	Scheduled Outstanding Amount	Scheduled Sinking Fund Payment	Minimum Remaining Outstanding Amount

Notwithstanding the foregoing, if an Event of Default under the Indenture shall have occurred and be continuing, the unpaid principal amount of all 2025 Restructuring Bonds and accrued interest thereon may be declared due and payable (see "THE INDENTURE—Events of Default" and "THE INDENTURE—Remedies–Acceleration" in this Official Statement). In addition, the 2025 Restructuring Bonds subject to optional redemption may be optionally redeemed (see "—Redemption–Optional Redemption" above).

Selection of 2025 Restructuring Bonds for Redemption. If less than all of the 2025 Restructuring Bonds of a tranche are to be redeemed, DTC and the direct participant and, where appropriate, indirect participants will determine the particular eligible 2025 Restructuring Bonds of a tranche to be redeemed in accordance with their procedures as from time to time in effect. If the 2025 Restructuring Bonds are not registered in book-entry only form, the particular 2025 Restructuring Bonds of a tranche to be redeemed will be determined by the Trustee, using such method as it deems fair and appropriate. See "Book-Entry-Only System" in Schedule 2 to this Official Statement.

Notice of Redemption. If any of the 2025 Restructuring Bonds are to be redeemed, notice of such redemption is to be mailed by the Trustee to Holders of such 2025 Restructuring Bonds to be redeemed not less than 30 days preceding each redemption date. Any notice of optional redemption may provide that such redemption is conditioned on, among other things, the availability of sufficient moneys on the redemption date.

The Trustee, so long as a book-entry-only system is used for determining ownership of the 2025 Restructuring Bonds, shall send the notice to DTC or its nominee, or its successor. Any failure of DTC or a direct participant or, where appropriate, indirect participants to do so, or to notify a Beneficial Owner of a 2025 Restructuring Bond of such redemption, will not affect the sufficiency or the validity of the redemption of such 2025 Restructuring Bond. The Issuer can make no assurances that DTC, direct participants, indirect participants or other nominees of the Beneficial Owners of the 2025 Restructuring Bonds to be redeemed will distribute such notices to the Beneficial Owners of such 2025 Restructuring Bonds, or that they will do so on a timely basis. See "Book-Entry-Only System" in Schedule 2 to this Official Statement.

Registration and Transfer of the 2025 Restructuring Bonds

2025 Restructuring Bonds in definitive form will be transferable and exchangeable at the office of the registrar identified in this Official Statement. The Trustee will be the initial registrar. There will be no service charge for any registration or transfer of the 2025 Restructuring Bonds, but the Trustee may require the owner to pay a sum sufficient to cover any tax or other governmental charge.

The Issuer will issue each tranche of the 2025 Restructuring Bonds in the minimum initial denominations set forth in this Official Statement.

Securities Depository

The 2025 Restructuring Bonds will be available to investors only in book-entry form. DTC will act as securities depository for the 2025 Restructuring Bonds. Bondholders may hold the 2025 Restructuring Bonds through DTC or in any other manner described in this Official Statement. See Schedule 2 to this Official Statement for a description of DTC and its book-entry-only system that will apply to the 2025 Restructuring Bonds.

As long as the book-entry system is used for the 2025 Restructuring Bonds, as to 2025 Restructuring Bonds held through DTC, the Trustee and the Issuer will give any notice required to be given owners of the 2025

Restructuring Bonds only to DTC. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS FOR THE DIRECT PARTICIPANT THROUGH WHOSE DTC ACCOUNT THEIR BENEFICIAL OWNERSHIP INTEREST IS RECORDED TO RECEIVE NOTICES THAT MAY BE CONVEYED TO DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS.

Access of Bondholders

Upon written request of any Bondholder or group of Bondholders, each of whom has held its 2025 Restructuring Bond for at least six months, the Trustee will afford the Bondholder or Bondholders making such request a copy of a current list of Bondholders for purposes of communicating with other Bondholders with respect to their rights under the Indenture unless the Trustee agrees to mail the desired communication, on behalf of and at the expense of the requesting Bondholders, to all Bondholders.

SECURITY FOR THE 2025 RESTRUCTURING BONDS

The 2025 Restructuring Bonds issued under the Indenture will be non-recourse obligations and are payable solely from and secured solely by a pledge of and lien on the 2025 Restructuring Property and the other 2025 Collateral as provided in the Indenture. No collateral securing the Prior Restructuring Bonds, or future restructuring bonds issued pursuant to separate financing orders, if any, shall be collateral for the 2025 Restructuring Bonds. If and to the extent the 2025 Restructuring Property and the other 2025 Collateral are insufficient to pay all amounts owing with respect to the 2025 Restructuring Bonds, then the Bondholders will have no claim in respect of such insufficiency against the Issuer, the Authority, LIPA or any other person. By the acceptance of the 2025 Restructuring Bonds, the Bondholders waive any such claim.

The Indenture securing the 2025 Restructuring Bonds is separate and distinct from the indentures securing the Prior Restructuring Bonds.

Pledge of 2025 Collateral

To secure the payment of principal of and interest on the 2025 Restructuring Bonds, the Issuer will pledge to the Trustee all of its right, title and interest (whether owned on the Issuance Date or thereafter acquired or arising) in and to the following:

- the 2025 Restructuring Property transferred by the Seller to the Issuer pursuant to the Sale Agreement and all proceeds thereof, including the 2025 Restructuring Charges as estimated, determined and adjusted from time to time pursuant to the Servicing Agreement in accordance with Financing Order No. 8,
- the statutory lien pursuant to the Securitization Law,
- the Sale Agreement,
- the Servicing Agreement,
- the Administration Agreement,
- the Collection Account, all subaccounts thereof (except for the Upfront Financing Costs Subaccount) and all amounts or investment property on deposit therein or credited thereto from time to time,
- the security interest with respect to the 2025 Restructuring Property granted by the Seller to the Issuer in the Sale Agreement,
- all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, securities accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind, and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing, and
- all proceeds in respect of any or all of the foregoing.

The foregoing assets in which the Issuer, as assignee of the Seller, will grant the Trustee a security interest are referred to herein as the "2025 Collateral." See "—How Funds in the Collection Account Will Be Allocated" in this Official Statement.

The 2025 Collateral does not include:

- any amounts required to be released pursuant to or contemplated by the terms of the Indenture,
- proceeds from the sale of the 2025 Restructuring Bonds required to pay the purchase price of the 2025 Restructuring Property pursuant to the Sale Agreement and the Upfront Financing Costs related to the 2025 Restructuring Bonds as deposited into the Upfront Financing Costs Subaccount (together with any interest earnings thereon), and
- the Prior Restructuring Properties, or any restructuring property that may be created pursuant to any future financing order other than Financing Order No. 8, including Financing Order No. 9.

Security Interest in 2025 Collateral

As provided in the Securitization Law, a valid and enforceable lien and security interest in 2025 Restructuring Property will attach and be perfected at the time the pledge is made. The lien and security interest attach without any physical delivery of 2025 Collateral or other act. The lien and security interest will be valid, binding, and perfected against all parties having claims of any kind in tort, contract or otherwise against the Seller, regardless of whether the parties have notice of the lien and will be superior to any judicial lien or other lien obtained by such parties. The Securitization Law provides that the pledge is continuously perfected and has priority over any other lien created by the operation of law or otherwise that may be created subsequently. Any pledge of the 2025 Restructuring Property will have a perfected security interest in the revenues and proceeds of the 2025 Restructuring Property that are deposited in an account even if those revenues or proceeds are commingled with other funds. The Securitization Law also provides that any other security interest that may apply to the revenues or proceeds of the 2025 Restructuring Property will be terminated when such funds are transferred to a segregated account for the benefit of the Trustee or the Bondholders. Similarly, Financing Order No. 8 provides that the 2025 Restructuring Property may be pledged to secure the payment of the 2025 Restructuring Bonds, all other Ongoing Financing Costs, and other amounts owed pursuant to the transaction documents relating to the 2025 Restructuring Bonds.

Certain items of the 2025 Collateral may not constitute 2025 Restructuring Property and the perfection of the Trustee's security interest in those items of 2025 Collateral would therefore be subject to the Uniform Commercial Code (the "UCC") or common law and not the Securitization Law. These items consist of the Issuer's rights in:

- the Sale Agreement, the Servicing Agreement, the Administration Agreement and any other Basic Documents,
- the Operating Reserve Subaccount, the Debt Service Reserve Subaccount, or any other funds on deposit in the Collection Account which do not constitute 2025 Restructuring Charge collections together with all instruments, investment property or other assets on deposit therein or credited thereto and all financial assets and securities entitlements carried therein or credited thereto which do not constitute Charge Collections,
- all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters-of-credit, letter-of-credit rights, money, commercial tort claims and supporting obligations and all of its other property to the extent not 2025 Restructuring Property, and
- proceeds of the foregoing items.

Additionally, any contractual rights the Issuer has against retail electric delivery customers (other than the irrevocable right to impose 2025 Restructuring Charges and rights otherwise included in the definition of 2025 Restructuring Property) would be collateral to which the UCC applies.

As a condition to the issuance of the 2025 Restructuring Bonds, the Issuer must make all filings and take any other action required by the UCC or common law to perfect the lien of the Trustee in all the items included in 2025 Collateral which do not constitute 2025 Restructuring Property. The Issuer will also covenant to take all actions necessary to maintain or preserve the lien and security interest on a first priority basis. Under the Indenture, the Trustee is required to file any necessary UCC continuation statements. The Issuer will represent, along with the Seller, at the time of issuance of the 2025 Restructuring Bonds, that no prior filing has been made with respect to that party

under the terms of the UCC, other than a filing which provides the Trustee with a lien and first priority perfected security interest in the 2025 Collateral.

Lien on 2025 Restructuring Property

Pursuant to the Indenture, the Issuer will pledge to the Trustee all of the Issuer's right, title and interest in and to the 2025 Restructuring Property. Pursuant to the Securitization Law, this pledge will constitute a first priority statutory lien on the 2025 Restructuring Property.

Under the Financing Agreement (described below), LIPA previously transferred to the Authority all of its right, title and interest in and to its revenues to provide security for the Authority's indebtedness. See "THE SELLER – Relationship of the Authority to LIPA." Pursuant to the Authority's General Resolution and the Authority's Electric System General Subordinated Revenue Bond Resolution adopted on May 20, 1998 (the "Subordinated General Resolution"), the Authority issues bonds and other obligations (including swap or other interest rate hedging obligations) that are secured by a lien upon substantially all of the revenues of the Authority. The revenues that are subject to the lien of the Authority's General Resolution and Subordinated General Resolution include, among other things, revenues, rates, fees, charges, and other income and receipts from the operations of any subsidiary of the Authority (including LIPA). The Authority's General Resolution specifically excludes from the revenues that are subject to the lien, amounts constituting "Transition Charges." "Transition Charges," under the General Resolution, are defined as any rates, fees, charges or surcharges relating to the Authority's transmission and distribution system or its customers that are established by an irrevocable rate order or other action in connection with the issuance of debt or other securities other than under the Authority's General Resolution to the extent that those rates, fees, charges or surcharges are pledged as security for such debt or other securities. The Subordinated General Resolution imposes a lien on the same revenues as the General Resolution. Financing Order No. 8 contains a conclusion of law that the 2025 Restructuring Charges are "transition charges" as defined in the General Resolution and that they are not subject to the lien thereof. In addition, the Authority will make a representation in the Sale Agreement to the effect that it is transferring the 2025 Restructuring Property free of any Liens. Nixon Peabody LLP, as Bond Counsel, expects to render an opinion in connection with the issuance of the 2025 Restructuring Bonds to the effect that the 2025 Restructuring Charges are not subject to the lien of the General Resolution or the Subordinated General Resolution.

Indenture Accounts

Prior to the Issuance Date, the Issuer will open or cause to be opened, at the Trustee's office located at the Corporate Trust Office, or at another Eligible Institution, the Collection Account, which shall be one or more segregated trust accounts in the Trustee's name for the deposit of Charge Collections and all other amounts received with respect to the 2025 Collateral or under the Servicing Agreement. The Collection Account will consist of four Subaccounts: the General Subaccount, the Excess Funds Subaccount, the Reserve Subaccount, and the Upfront Financing Costs Subaccount. The Reserve Subaccount will consist of two subaccounts: the Operating Reserve Subaccount and the Debt Service Reserve Subaccount. Unless the context indicates otherwise, a reference in this Official Statement to the Collection Account means the Subaccounts (including the Subaccounts within the Reserve Subaccount) contained therein. For administrative purposes, the Subaccounts may be established by the Trustee as separate accounts.

The Servicer will remit 2025 Restructuring Charge payments to the Collection Account in the manner described under "—How Funds in the Collection Account Will Be Allocated."

Collection Account. Prior to the initial Payment Date, all amounts in the Collection Account (other than funds deposited into the Operating Reserve Subaccount up to the Required Operating Reserve Level, in the Debt Service Reserve Subaccount up to the Required Debt Service Reserve Level, and in the Upfront Financing Costs Subaccount up to the amount initially deposited therein) shall be allocated to the General Subaccount.

General Subaccount. The General Subaccount will hold all funds held in the Collection Account that are not held in the other three subaccounts. The Allocation Agent will transfer to the General Subaccount, on each Business Day, and to the extent that funds are available in the Allocation Account, the estimated amount of Charge Collections and the Remittance Shortfall, if any, from the Allocation Account. On each Payment Date, the Trustee will draw on amounts in the General Subaccount to pay the Issuer's expenses and to pay interest and make scheduled payments on the 2025 Restructuring Bonds, and to make other payments and transfers in accordance with the terms of the Indenture.

Excess Funds Subaccount. The Trustee, at the direction of the Servicer, will allocate to the Excess Funds Subaccount Charge Collections available with respect to any Payment Date in excess of amounts necessary to make the payments specified on such Payment Date. The Excess Funds Subaccount will also hold all Investment Earnings on the Collection Account in excess of such amounts.

Reserve Subaccount. In connection with the issuance of the 2025 Restructuring Bonds:

- the Authority will deliver to the Trustee for deposit into the Operating Reserve Subaccount an amount equal to the Required Operating Reserve Level, which will be an amount equal to 0.5% of the initial aggregate principal amount of the 2025 Restructuring Bonds; and
- the Issuer will deliver to the Trustee for deposit into the Debt Service Reserve Subaccount an amount from the 2025 Restructuring Bond proceeds equal to the Required Debt Service Reserve Level.

Upfront Financing Costs Subaccount. The Upfront Financing Costs Subaccount is to be funded by the proceeds of the 2025 Restructuring Bonds in the amount expected to be used for Upfront Financing Costs as provided in the Issuance Advice Letter. Any amounts in the Upfront Financing Costs Subaccount not required to pay Upfront Financing Costs may be used to pay Ongoing Financing Costs.

The Trustee shall have sole dominion and exclusive control over all money in the Collection Account and shall apply such money as provided in the Indenture. Each account shall remain at all times with a securities intermediary (within the meaning of Section 8-102(a)(14) of the UCC).

Withdrawals from and deposits to each of the foregoing Subaccounts of the Collection Account shall be made as set forth in "—How Funds in the Collection Account Will Be Allocated."

The Collection Account shall at all times be maintained in an Eligible Account and only the Trustee shall have access to the Collection Account for the purpose of making deposits in and withdrawals from the Collection Account in accordance with the Indenture. Funds in the Collection Account shall not be commingled with any other moneys. Funds in the Collection Account may be invested only in "Eligible Investments" that mature or are redeemable at the option of the holder on or prior to the Business Day next preceding the next Payment Date. The Indenture prohibits Eligible Investments credited to the Collection Account from being sold, liquidated or otherwise disposed of at a loss prior to the maturity or redemption date thereof.

Except as provided in the Indenture as described under "General Provisions Regarding the Collection Account," all money deposited from time to time in the Collection Account, all deposits therein pursuant to the Indenture, and all investments made in Eligible Investments with such money, including all income or other gain from such investments, shall be held by the Trustee in the Collection Account as part of the 2025 Collateral (except for amounts in the Upfront Financing Costs Subaccount). The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer to provide timely written investment direction. All amounts in the Collection Account (except for amounts in the Upfront Financing Costs Subaccount) must be used, to the extent practical, to make the final payments of principal and interest on the 2025 Restructuring Bonds and all other Ongoing Financing Costs or to make refunds to Customers to the same extent such Customers would have been required to pay 2025 Restructuring Charges. When no 2025 Restructuring Bonds remain Outstanding and all Ongoing Financing Costs (including any rebate or other amounts payable to the United States of America under Section 148 of the Code) have been paid, or their payment provided for, in full, then the balance, if any, in the Collection Account (including all subaccounts therein) shall be deposited in the Operating Reserve Subaccount and paid to or at the direction of the Issuer and applied to customer refunds in accordance with Financing Order No. 8. In the event any 2025 Restructuring Bonds are retired (whether by purchase, redemption, repayment or defeasance, or any combination of the foregoing), amounts may be withdrawn from the Collection Account to pay or provide for the payment of such 2025 Restructuring Bonds as follows: (i) from the Operating Reserve Subaccount; provided, that immediately after such withdrawal, an amount at least equal in the aggregate to the Required Operating Reserve Level then applicable to the remaining 2025 Restructuring Bonds must remain on deposit in the Operating Reserve Subaccount; (ii) from the Debt Service Reserve Subaccount; provided, that immediately after such withdrawal, there shall remain on deposit in the Debt Service Reserve Subaccount an amount at least equal in the aggregate to the Required Debt Service Reserve Level then applicable to such 2025 Restructuring Bonds; and (iii) from the General Subaccount and the Excess Funds Subaccount, the portion of the amounts on deposit therein allocable to such 2025 Restructuring Bonds.

How Funds in the Collection Account Will Be Allocated

On each Payment Date, or for any amount payable under clauses (i) through (iv) below, on any Business Day upon which the Trustee receives a written request from the Administrator stating that any of such Operating Expenses payable by the Issuer will become due and payable prior to the next succeeding Payment Date, the Trustee shall pay or allocate all amounts on deposit in the Collection Account (other than amounts on deposit in the Debt Service Reserve Subaccount, which shall be applied solely to amounts payable under clauses (v) through (vii) below), including all earnings thereon, to pay the following amounts, in accordance with the Semi-annual Servicer Certificate, in the following priority:

(i) all fees, costs, expenses (including legal fees and expenses) and, to the extent not in excess of $800,000 in each calendar year, indemnity amounts owed by the Issuer to the Trustee under the applicable Basic Documents shall be paid to the Trustee,

(ii) the Servicing Fee for such Payment Date and all unpaid Servicing Fees from prior Payment Dates, to the extent of Servicing Fees not in excess of 0.60% of the aggregate initial principal amount of the 2025 Restructuring Bonds in each calendar year, shall be paid to the Servicer,

(iii) the Administration Fee and all unpaid Administration Fees from prior Payment Dates shall be paid to the Administrator,

(iv) the payment of all other Operating Expenses (other than as provided in clauses (viii) and (ix) below) for such Payment Date shall be paid to the Persons entitled to such payment,

(v) (A) first, any overdue interest (together with, to the extent lawful, interest on such overdue interest at the applicable Bond Interest Rate) and (B) second, interest for such Payment Date shall be paid to the Holders,

(vi) principal due and payable on the 2025 Restructuring Bonds as a result of an Event of Default (assuming the 2025 Restructuring Bonds have been declared immediately due and payable) or on the Final Maturity Date of a tranche of the 2025 Restructuring Bonds shall be paid to the Holders,

(vii) principal for such Payment Date will be paid to Holders in accordance with the priorities described in "THE 2025 RESTRUCTURING BONDS—Principal of the 2025 Restructuring Bonds" above,

(viii) indemnity amounts owed by the Issuer to the Trustee to the extent in excess of $800,000 in each calendar year, shall be paid to the Trustee and premiums for directors' and officers' liability insurance for trustees and officers of the Issuer shall be paid to the provider of such insurance, or, if such premium is paid by the Administrator pursuant to the Administration Agreement, the amount of such premium shall be paid to the Administrator in reimbursement thereof,

(ix) the Servicing Fee for such Payment Date, and all unpaid Servicing Fees from prior Payment Dates, to the extent of Servicing Fees in excess of 0.60% of the aggregate initial principal amount of the 2025 Restructuring Bonds in each calendar year, shall be paid to the Servicer,

(x) the amount, if any, by which the Required Debt Service Reserve Level exceeds the amount in the Debt Service Reserve Subaccount as of such Payment Date will be paid or allocated to the Debt Service Reserve Subaccount,

(xi) the amount, if any, by which the Required Operating Reserve Level exceeds the amount in the Operating Reserve Subaccount as of such Payment Date will be paid or allocated to the Operating Reserve Subaccount,

(xii) the amount, if any, by which the amount in the Debt Service Reserve Fund exceeds the Required Debt Service Reserve Level on any Payment Date shall be retained in the Debt Service Reserve Fund until the next Payment Date, at which time such excess amount in the Debt Service Reserve Fund shall be applied to the payment of amounts then due under clauses (v) through (vii) above prior to any other monies available for such purpose and, to the extent that such excess amount exceeds amounts then due under such clause on such next Payment Date, such excess amount shall continue to be held in the Debt Service Reserve Fund and shall be applied under such clauses (v) through (vii) above prior to any other monies available for such purpose on succeeding Payment Dates until fully applied; and

(xiii) the balance, if any, will be paid or allocated to the Excess Funds Subaccount for distribution on subsequent Payment Dates.

If on any Payment Date, or for any amounts payable under clauses (i) through (iv) above, on any Business Day, funds on deposit in the General Subaccount are insufficient to make the payments contemplated in clauses (i) through (ix) above, the Trustee shall (i) first, draw from amounts on deposit in the Excess Funds Subaccount and (ii) second, draw from amounts on deposit in the Operating Reserve Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by clauses (i) through (ix) above. In addition, if on any Payment Date, funds on deposit in the General Subaccount, together with moneys available in the Excess Funds Subaccount and the Operating Reserve Subaccount, are insufficient to make the payments contemplated by clauses (v) through (vii) above, the Trustee shall then draw from amounts on deposit in the Debt Service Reserve Subaccount, up to the amount of such shortfall in order to make the payments contemplated by such clauses (v) through (vii) above. In addition, if on any Payment Date funds on deposit in the General Subaccount are insufficient to make the allocations contemplated by clause (x) above, the Trustee shall draw from amounts on deposit in the Excess Funds Subaccount to make such allocations. If on any Payment Date funds on deposit in the Collection Account are insufficient to make the transfers contemplated by clause (v), (vi) or (vii) above, the Trustee will allocate the funds drawn pursuant to the first and second sentences of this paragraph among the tranches *pro rata* as provided above.

Limited Obligation of Issuer

The 2025 Restructuring Bonds are not an obligation of the Authority, LIPA or any Successor Servicer. The 2025 Restructuring Bonds are not a debt, general obligation or a pledge of the faith and credit or taxing power of the State of New York or of any county, municipality or any other subdivision, agency or instrumentality of the State of New York. The 2025 Restructuring Bonds are limited obligations of the Issuer payable solely from the 2025 Collateral including the 2025 Restructuring Charges. The issuance of the 2025 Restructuring Bonds does not obligate the State of New York or any county, municipality or other political subdivision, agency or instrumentality of the State of New York to levy any tax or make any appropriation for the payments of the 2025 Restructuring Bonds. The Issuer has no taxing power.

Legality for Investment

With respect to the 2025 Restructuring Bonds, the Securitization Law provides that the 2025 Restructuring Bonds are securities in which all public officers and bodies of the State and all municipalities, all insurance companies and associations, banks, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all trusts, estates and guardianships and all other persons who are authorized to invest in obligations of the State, may properly and legally invest. The 2025 Restructuring Bonds are also securities which may be deposited with public officers and bodies of the State and all municipalities for any purpose for which such obligations of the State are authorized.

Additional Bonds

The Indenture provides that the Issuer may issue or incur additional bonds, notes or other obligations, for any purpose and secured as provided by the Laws of the State, other than by the 2025 Collateral, provided that the Rating Agency Condition has been satisfied. Consistent with the Securitization Law, any additional Restructuring Bonds may only be issued pursuant to additional financing orders adopted by the Authority, subject to PACB approval. See "THE SECURITIZATION LAW — Prior Transactions" and "THE FINANCING ORDER – General; Creation of 2025 Restructuring Property; Irrevocability" in this Official Statement.

THE ISSUER

Introduction

The Issuer is a special purpose corporate municipal instrumentality of the State of New York created by subdivision 1 Section 4 of the Securitization Law and further described in Financing Order No. 8. The Securitization Law restricts the Issuer from engaging in activities other than those described in this section. The Issuer does not have any employees.

The Issuer's assets consist or will consist of:

- the Prior Restructuring Properties (which secure only the applicable Prior Restructuring Bonds authorized by the related Prior Financing Order that created such Prior Restructuring Property) and all rights and interests under the documents relating to such Prior Restructuring Properties,
- the 2025 Restructuring Property,

- its rights under the Sale Agreement, under the Administration Agreement and under the bill of sale delivered by the Authority pursuant to the Sale Agreement,
- its rights under the Servicing Agreement and any subservicing, agency, administration, intercreditor or collection agreements executed in connection with such Servicing Agreement,
- the Collection Account and all subaccounts of such Collection Account,
- all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, and
- all payments on or under and all proceeds in respect of any or all of the foregoing.

The Indenture provides that the 2025 Restructuring Property will be pledged by the Issuer to the Trustee to secure its obligations in respect of the 2025 Restructuring Bonds. Pursuant to the Indenture, the collected 2025 Restructuring Charges remitted to the Trustee by the Servicer must be used to pay principal and interest on the 2025 Restructuring Bonds, all other Ongoing Financing Costs and the Issuer's other obligations specified in the Indenture.

Restricted Purpose

The Issuer is authorized only to:

(i) issue restructuring bonds and use the proceeds thereof to purchase or acquire, and to own, hold and use restructuring property or to pay or fund upfront financing costs,

(ii) contract for the servicing of restructuring property and restructuring bonds and for administrative services, and

(iii) pledge restructuring property to secure restructuring bonds and pay all ongoing financing costs relating to the restructuring property and restructuring bonds.

The Securitization Law does not permit the Issuer to engage in any activities not directly related to these purposes, including issuing securities (other than restructuring bonds), borrowing money or making loans to other persons.

Under the Securitization Law, the Issuer is expressly prohibited from filing a petition for relief under chapter 9 of the Bankruptcy Code, which, as discussed elsewhere in this Official Statement, is the only chapter of the Bankruptcy Code potentially available for the Issuer. With respect to the Issuer, its status as a municipality and the state law prohibition against its filing of a case under chapter 9 would result in the Issuer having no access to relief under the Bankruptcy Code. It would remain subject to applicable state law concerning debtors and creditors.

Management and Fees

The Issuer's business is managed by a board consisting of three trustees appointed by the Governor of the State of New York. The trustees may not be trustees, directors, officers or employees of the Authority, LIPA or any successor owner of the T&D System Assets. However, officers and employees of the Authority or LIPA may be officers or employees of the Issuer. The Issuer has appointed the Chief Financial Officer and the General Counsel and Secretary of the Authority to the positions of Chief Financial Officer and the General Counsel and Secretary, respectively, with the Issuer.

The trustees have staggered terms of six years. All successor trustees shall serve for terms of six years. In the event of a vacancy, the Governor of the State of New York shall appoint a successor to serve the remainder of the unexpired term.

The trustees do not receive any salary or other compensation except for reimbursement for actual and necessary expenses incurred in the performance of official duties.

Under the Securitization Law, each trustee has a fiduciary duty to act in the best interest of the Issuer and the Governor may remove any trustee for inefficiency, neglect of duty or misconduct in office.

Relationship of the Issuer to the Authority and LIPA

The Securitization Law requires the Issuer to keep its assets and liabilities separate and distinct from the Authority, LIPA, and any other entity.

Administration Agreement

LIPA will, pursuant to an Administration Agreement between LIPA and the Issuer, provide administrative services to the Issuer, including services relating to the preparation of documents it might be required to file under applicable law. The Issuer will pay LIPA an annual administration fee of $100,000 payable in semi-annual installments on each Payment Date. In addition to the Administration Fee, the Issuer will reimburse the Administrator for expenses it incurs in connection with services it performs under the Administration Agreement.

THE SELLER

General

The Authority will be the seller of the 2025 Restructuring Property, which the Issuer will pledge to secure the 2025 Restructuring Bonds. The Authority is a corporate municipal instrumentality and a political subdivision of the State of New York, exercising essential governmental and public powers. As such, the Authority should be found to constitute a "municipality" eligible for bankruptcy relief only under chapter 9 of the Bankruptcy Code. Among the requirements for a municipality to commence a case under chapter 9 is the requirement that it be specifically authorized by state law to be a debtor under chapter 9. The Authority is explicitly authorized to file a petition under chapter 9 pursuant to its enabling legislation. See "RISK FACTORS—Bankruptcy-Related Risks" in this Official Statement.

Service Area

The Service Area consists of Nassau and Suffolk Counties in Long Island (except for the Nassau County villages of Freeport and Rockville Centre and the Suffolk County village of Greenport, each of which has an individually owned municipal electric system that supplies and distributes electricity to ultimate consumers within those municipalities) and a portion of Queens County in the City of New York known as the Rockaways. According to Bureau of Census data, the population of the Service Area was approximately 3.1 million as of July 1, 2024. As of December 31, 2024, the Authority had approximately 1.2 million customers in the Service Area.

Long Island is a significant regional economy that benefits from its proximity to Manhattan, but also generates its own income, employment, and regional output. Long Island has a highly skilled labor force, close proximity to New York City, over 20 colleges, universities and core research institutions, such as Brookhaven National Laboratory, Cold Spring Harbor Laboratory, and the technology and science developmental centers at Stony Brook and Farmingdale Universities that specialize in the areas of biotechnology, computer sciences, wireless and internet technologies, and energy. Long Island also has a highly desirable suburban lifestyle that attracts many individuals to live, work and vacation within the area.

The Long Island economy benefits from high average personal income and a service-based economy. According to 5-year estimate data published by the United States Bureau of the Census, Nassau and Suffolk Counties had median household incomes of $143,408 and $128,329 (in 2023 dollars), respectively, compared to a national median of $78,538.

The table below shows Long Island's unemployment rate as compared with the national and State unemployment rates for the periods shown:

Service Area Unemployment – Average Annual

Year	US [1]	NY [1]	Nassau-Suffolk [1]
2020[2]	8.1%	9.9%	8.1%
2021[2]	5.4%	7.1%	4.6%
2022	3.7%	4.4%	3.1%
2023	3.6%	4.2%	3.3%
2024	4.0%	4.3%	3.4%

Sources:
[1] Bureau of Labor Statistics: http://www.bls.gov/data/ (not seasonally adjusted data).
[2] Results shown reflect the temporary impact of the COVID-19 Pandemic.

In the year ending December 31, 2024, approximately 54.8% of LIPA's annual retail revenues were billed to residential customers, 43.5% to commercial customers, 0.5% to street lighting and 1.2% to other public authorities.

The largest customer in the Service Area (the Long Island Rail Road) accounted for 1.9% of total billed sales and 1.3% of total billed revenues. In addition, the ten largest customers (including the Long Island Rail Road) in the Service Area accounted for approximately 7.8% of total billed sales and 6.1% of total billed revenues.

Retail Choice. The Authority has taken several actions to promote an orderly transition to greater competition in power supply and retail customer choice in the power supply markets in the Service Area. The Authority fosters wholesale competition by offering Open Access Transmission Service to generators that wish to provide power to the NYISO or to other wholesale customers. This service is offered on a comparable basis to the regulated transmission utilities in the State that are also members of the NYISO. Retail choice (sometimes called customer choice, retail wheeling, or retail open access) refers to a process by which retail customers choose among competitive suppliers for electric capacity, energy, and ancillary services. The delivery of capacity and energy is provided by the owner and operator of the local transmission and distribution system.

Under current law, customers may purchase energy from third party providers. In 1998, the Authority adopted a retail choice program (called "Long Island Choice"), which offers electric customers the opportunity to choose an electric energy supplier other than LIPA. The program is available to all customers in the Service Area. The enabling legislation for the New York State budget, passed April 1, 2019, included the repeal of the sales tax exemption under New York Tax Law §1105-C on the sale of transportation, transmission, or distribution of gas and electricity where it is sold separately from the commodity. As a result, effective June 1, 2019, non-residential customers purchasing from energy service companies ("ESCOs") must pay sales tax on the unbundled delivery portion of their bill. This change resulted in declining customer participation in retail choice programs statewide, including the Authority's Long Island Choice program. As of February 2025, other suppliers were selling electricity to 375 customers in the Service Area (increased from 308 customers as of May 2024) representing a total coincident peak load of 51.4 MW. 2025 Restructuring Charges will be collected from Customers in the Service Area that enroll in the Long Island Choice program. Collections procedures for the delivery charges owed to LIPA by Long Island Choice participants are the same as for bundled-service Customers. LIPA does not handle the billing or collection of ESCO charges for any ESCO at this time. The Authority cannot make a prediction as to the effect, if any, new or revised State or federal laws addressing retail and commercial competition will have on ongoing implementation of retail competition.

On May 20, 2020, the Board (as defined below) approved a proposal to allow Community Choice Aggregation ("CCA"), a program that enables a municipal government to enroll customers within its jurisdiction in Long Island Choice and engage an ESCO to supply their energy. A customer whose municipal government chooses CCA will be enrolled by default, unless the customer chooses to "opt-out" of the CCA and remain a full-service Authority customer. Several municipal governments in the Service Area have taken steps to form CCAs. The Authority cannot predict how many customers will enroll. 2025 Restructuring Charges will be collected from Customers in the Service Area that enroll in a municipal government's CCA program. Collections procedures for the delivery charges owed to LIPA by CCA participants are the same as for bundled-service Customers. LIPA does not handle the billing or collection of ESCO charges for any CCA at this time. Should a CCA elect to have LIPA handle billing and collection of ESCO charges for the CCA, LIPA will purchase those receivables from the CCA/ESCO at a discount and collect those charges from the CCA participants under the same terms that apply to LIPA's bundled-service Customers.

The DPS conducted a stakeholder collaborative proceeding to examine the potential benefits and challenges of retail competition on Long Island.[1] In that proceeding, the Authority proposed changes to the Long Island Choice rate structure for purposes of simplification and transparency, which received a positive recommendation from the DPS, were adopted by the Board, and became effective on January 1, 2022. The modified rate structure will continue to ensure that the Authority recovers all its unavoidable power supply costs on an equitable basis from both bundled service customers and retail choice customers. As modified, the Authority's Power Supply Charge consists of the Market Supply Charge, which recovers LIPA's bypassable costs from its bundled customers, and the Local Supply Charge, which recovers LIPA's nonbypassable costs from its bundled and retail choice customers.

Municipalization. In addition, local governments may consider municipalization as a means to lower the cost of electric service. If municipalization were to occur, it would likely require condemnation of the T&D System Assets or construction of duplicate electric transmission and distribution facilities. Since the acquisition of LIPA by the Authority in 1998, no municipalizations have occurred in the Service Area.

[1] DPS Matter No. 15-02754, *In the matter of examining the potential benefits of retail competition on Long Island*.

Relationship of the Authority to LIPA

LIPA is a State corporation and a wholly-owned subsidiary of the Authority. Pursuant to LIPA's organizational documents, the Authority conducts and manages LIPA's business and affairs. Accordingly, LIPA is controlled by the Authority. The Authority is governed by a Board of Trustees (the "Board") as described herein.

The Authority and LIPA are parties to a Financing Agreement (the "Financing Agreement") providing for their respective duties and obligations relating to the financing and operation of the retail electric business in the Service Area, which is included herein by specific cross-reference.

Pursuant to the terms of the Financing Agreement, the Authority is to issue all debt for the Authority and LIPA. This debt includes all Bonds and Subordinated Indebtedness issued and to be issued. The proceeds of all such debt are to be treated as loaned from the Authority to LIPA, which will repay such loans from the revenues it receives from its electric business. To secure the loans, LIPA has pledged all of its revenues to the Authority, which has, in turn, pledged such revenues as security for such debt.

Pursuant to the terms of the Financing Agreement, LIPA conducts the electric business in the Service Area and provides service to customers in the Service Area. The Authority and LIPA are also parties to an Administrative Services Agreement described below under which the Authority provides personnel, personnel-related services and other services necessary for LIPA to provide electric service in the Service Area. See "LONG ISLAND POWER AUTHORITY - Management and Operation of the System."

Proposed Changes to the Authority-LIPA Relationship and Resolution. Prior to its acquisition by the Authority, LILCO was an investor-owned utility. To effectuate the acquisition, the Authority adopted the Resolution (defined below) and purchased all of the outstanding common stock of LILCO with the proceeds of the initial issuance of bonds under the Resolution. That acquisition was the subject of an Internal Revenue Service letter ruling which confirmed that the acquisition would not result in a federal tax liability to the Authority. In 2020, the Authority's staff proposed to simplify the Authority's operations by consolidating the Authority and its subsidiary, and has successfully sought a letter ruling from the Internal Revenue Service to confirm that there would be no federal tax liability to the Authority or LIPA as a result of the merger of LIPA into the Authority. Subsequently, the Authority and LIPA adopted a plan of merger, which was approved by the Board of each entity. In addition, in light of the proposed consolidation, the staff proposed amending and restating the Resolution (as so amended and restated, the "Amended and Restated Bond Resolution"), which Amended and Restated Bond Resolution was approved and adopted by the Authority's Board on July 22, 2020. There are conditions to the effectiveness of such amendments as described below.

The Consolidation Amendments. In connection with effectuating the consolidation, the Amended and Restated Bond Resolution contains amendments that: (i) reflect the consolidation of LIPA with the Authority and the termination of agreements between the Authority and LIPA; (ii) delete references to agreements between the Authority and LIPA; (iii) delete references to debt of LIPA which is no longer outstanding; (iv) provide for adjustments in flow of funds provisions related to the foregoing; and (v) modify other provisions which would no longer be necessary upon the consolidation of LIPA into the Authority and the assumption of all liabilities of LIPA by the Authority (collectively, the "Consolidation Amendments").

The Additional Amendments. In addition to the Consolidation Amendments, the Authority's staff proposed other amendments unrelated to the proposed consolidation that are generally intended to update the Resolution by (i) amending the definition of Operating Expenses and related flow of funds provisions to permit Payments in Lieu of Taxes to be paid as Operating Expense on the same basis as taxes, (ii) including an enhanced debt service coverage ratio in the Authority's rate covenant (from 100% to 110% of Debt Service, and amounts under all Parity Contract Obligations, payable by the Authority in the applicable fiscal year), (iii) including a debt service coverage ratio as a condition to issuance of Bonds, and (iv) amending various other provisions of the existing Resolution, without regard to whether the proposed merger of LIPA occurs (collectively, the "Additional Amendments" and together with the Consolidation Amendments, the "Proposed Amendments").

Effectiveness. The Proposed Amendments are subject to the consent or deemed consent of the holders of a majority in principal amount of all Outstanding Bonds. As of the date hereof, the holders of well in excess of the majority required by the Resolution of the Outstanding Bonds have consented to the Proposed Amendments set forth in the Amended and Restated Resolution. The Amended and Restated Resolution will be effective upon the filing with the Trustee of such Holder consents. The Amended and Restated Resolution provides that following its effectiveness, the Authority will mail notice of such amendment to the Holders of all Bonds, as provided in the Resolution.

To execute the consolidation and effectuate the Proposed Amendments, the Authority and LIPA executed a merger agreement (the "Merger Agreement"), and the Authority filed a Certificate of Merger with the New York State Department of State ("NYDOS"), which was accepted by NYDOS. All material conditions precedent to the consolidation have been met, including the Rating Agency Condition on the Prior Restructuring Bonds. The Authority is in the process of finalizing the merger process and expects that to occur by November 21, 2025, prior to the pricing of the 2025 Restructuring Bonds. The effect of the consolidation is that LIPA will cease to exist as a matter of law, and all of LIPA's assets, liabilities, rights and obligations will vest in the Authority. Moreover, as a matter of law and as set forth in the Merger Agreement, the Authority will assume all of the responsibilities of LIPA under its various agreements including those executed in connection with the Prior Restructuring Bonds. As the surviving entity, the Authority will continue to be governed by the Public Authorities Law of the State of New York. Following consolidation, the Authority will replace LIPA in all of LIPA's current roles, including as Servicer, and intercompany agreements between LIPA and the Authority, including the Financing Agreement, will terminate. With respect to the 2025 Restructuring Bonds, if, as expected, the consolidation is finalized prior to the issuance of the 2025 Restructuring Bonds, the Authority will be the party to agreements that LIPA is currently described as the party herein. The Authority expects to make a continuing disclosure filing upon such finalization.

As LIPA has always been a wholly-owned subsidiary of the Authority, the consolidation will not result in practical changes to any existing services provided by LIPA. The Authority and LIPA have historically been parties to an Administrative Services Agreement under which the Authority provided personnel, personnel-related services and other services (including management, supervisory and payroll services) necessary for LIPA to provide electric service in the Service Area. Except for services of the type and nature provided to LIPA by outside independent agents, attorneys, and consultants and for any other services provided under agreements approved by the Authority, LIPA has always met its personnel and personnel-related needs exclusively through such Administrative Services Agreement. This means that the consolidation will not impact staff providing services in connection with the Prior Restructuring Bonds and the 2025 Restructuring Bonds, who will continue to provide such services. Moreover, the consolidation will have no impact on PSEG Long Island and its staff. As described herein, PSEG Long Island provides many of the Servicer functions in connection with the Prior Restructuring Bonds and will provide many of the Servicer functions in connection with the 2025 Restructuring Bonds, including, among other things, billing and collection, meter reading and forecasting.

System Operation by the Authority and LIPA

To assist the Authority in providing electric service in the Service Area, the Authority and LIPA have entered into operating agreements, the purpose of which is to provide the Authority and LIPA with the operating personnel and a significant portion of the power supply resources necessary to provide electric service in the Service Area. Below is a summary of certain of those basic operating agreements.

T&D System management including, among other functions, the management of day-to-day operation and maintenance, customer service, billing and collection and meter reading. Commencing January 1, 2014, a wholly-owned subsidiary of Public Service Enterprise Group Incorporated ("PSEG") dedicated to the operations of the T&D System ("PSEG Long Island") became the service provider pursuant to the Amended and Restated Operations Services Agreement (the "2014 OSA"). The PSEG Long Island management company consists of 19 employees at the director level and higher. The PSEG Long Island service company consists of approximately 2,700 employees. PSEG Long Island is also the retail brand for electric service on Long Island. Further information about PSEG and PSEG Long Island can be found at http://www.psegliny.com. No information on that website is included herein by specific cross-reference.

On December 15, 2021, the 2014 OSA was further amended and restated, effective April 1, 2022 (the "OSA" or "reformed OSA"). The OSA has a base term of 12 years, expiring December 31, 2025. LIPA has an option to extend the existing OSA for up to five years upon mutual agreement of LIPA and PSEG Long Island. On September 25, 2025, LIPA's Board of Trustees approved a five-year extension of the OSA, such extension having been approved by the New York State Attorney General and subject to further approval by the Office of State Comptroller. See "RECENT DEVELOPMENTS – 2024 OSA RFP and 2024 PSMFM RFP" and "THE OSA" below for additional information related to the OSA extension.

Each year, the Authority and PSEG Long Island, with involvement of the Department of Public Service (the "DPS," which is the staff arm of the PSC), develop operating and capital budgets and related Performance Metrics for the services provided by PSEG Long Island. The Authority retains the ultimate authority and control over the T&D System assets and certain responsibilities, including: to determine all T&D System rates and charges; to review and approve the Authority's consolidated budget; to represent the Authority's interests in industry and regulatory

institutions and organizations; to approve PSEG Long Island's appointment or replacement of its senior executive team, including the president/chief operating officer; and to review and approve power and fuel supply agreements. Additionally, the Authority has the right to undertake such actions, receive additional information, consult with the representatives of PSEG Long Island and make recommendations to PSEG Long Island in order to perform the Authority's oversight responsibilities and obligations. See "THE OSA" below.

Authority to Set Electric Rates

The Authority's Board is empowered to set rates for electric service in the Service Area subject only to review and recommendation by the DPS under certain conditions. The LIPA Reform Act mandated that the Authority and PSEG Long Island submit to the DPS any rate proposal that seeks to increase rates above 2.5% of aggregate revenues annually, for review by the DPS and recommendation to the Board. The Board retains final rate-setting power to accept or reject any particular DPS recommendation associated with a rate proposal if the Board determines in its discretion the DPS recommendation is inconsistent with the Authority's sound fiscal operating practices, any existing contractual or operating obligations, or the provision of safe and adequate service. The Authority has yet to submit a rate proposal that increased rates in excess of 2.5% of aggregate revenues.

The Authority uses the "Public Power Model" of rate-setting, which makes use of the debt service coverage method in determining revenue requirements. For the Authority this entails an annual fixed obligation coverage ratio on Authority-issued debt and leases/subscription-based information technology arrangement ("SBITA") payments of 1.40x for Authority debt and leases and 1.20x for Authority and UDSA debt and leases/SBITA payments. The Authority exceeded its target in 2024 by achieving a fixed obligation ratio of 1.51x. With UDSA's restructuring bonds included, the coverage ratio achieved was approximately 1.33x. Depreciation expense, amortization of the acquisition adjustment and of other regulatory assets, and the difference between the accrual expense and actual required cash contributions to PSEG Long Island OPEBs, are non-cash expenses excluded from the Authority's methodology for coverage calculation.

The Authority's coverage ratio targets were codified in a Fiscal Sustainability policy, which can be found on its website at https://www.lipower.org/purpose/ under the caption "Board Policies." Such information on the website is not included herein by specific cross-reference. Achieving these financial targets involves risks and uncertainties, and therefore the Authority's actual results may differ from the targets.

Where to Find Information about the Authority

The Authority periodically files documents with EMMA. In addition, for convenience, further information about the Authority can be found on the Authority's website (www.lipower.org). Unless explicitly included by specific cross-reference herein, no documents filed with EMMA or information on the Authority's website are included by specific cross-reference herein.

Relationship between the 2025 Restructuring Bonds and the Authority's Indebtedness

The Authority's secured indebtedness is secured by a lien on all of its revenues, rates, fees, charges, and other income and receipts from the operations of any of its subsidiaries; provided, however, that, among other things, "Transition Charges" are not subject to that lien. Financing Order No. 8 contains a conclusion of law that the 2025 Restructuring Charges are "Transition Charges" and that they are not subject to the lien of the General Resolution. In addition, the Authority will make a representation in the Sale Agreement to the effect that it is transferring the 2025 Restructuring Property free of any Liens. See "SECURITY FOR THE 2025 RESTRUCTURING BONDS – Lien on 2025 Restructuring Property" in this Official Statement. Nixon Peabody LLP, as Bond Counsel, expects to render an opinion in connection with the issuance of the 2025 Restructuring Bonds to the effect that the 2025 Restructuring Charges are not subject to the lien of the General Resolution or the Subordinated General Resolution.

SERVICER AND ADMINISTRATOR

General

As described herein, LIPA is a wholly-owned subsidiary of the Authority, which owns and operates the electric transmission and distribution system located in the Service Area, and the Authority and LIPA have entered into operating agreements with third parties, which provide the Authority and LIPA with the operating personnel and resources necessary for LIPA to continue to provide electric service in the Service Area. LIPA is a New York corporation and is eligible to be the subject of a voluntary or involuntary petition in a liquidation case under chapter 7 of the Bankruptcy Code or a reorganization case under chapter 11 of the Bankruptcy Code.

Servicing the 2025 Restructuring Bonds

LIPA will, pursuant to a Servicing Agreement between LIPA and the Issuer, provide services to the Issuer in connection with the servicing of the 2025 Restructuring Property, 2025 Restructuring Charges, and the 2025 Restructuring Bonds. The Issuer will pay LIPA, as Servicer, the Servicing Fee which shall be 0.05% of the aggregate initial principal amount of the 2025 Restructuring Bonds and is intended to be the estimated incremental cost of performing the Services required by the Servicing Agreement. The Servicing Fee for any Successor Servicer not affiliated with the owner of the T&D System Assets or performing similar services for the owner of the T&D System Assets may be higher than the Servicing Fee for LIPA; provided, however, that any Servicing Fee in excess of 0.60% of the aggregate initial principal amount of the 2025 Restructuring Bonds shall be subject to approval by the Authority and the Trustee. In addition to the Servicing Fee, the Issuer will reimburse the Servicer for expenses it incurs in connection with the services it performs under the Servicing Agreement. As described herein, pursuant to the OSA, PSEG Long Island will provide many of the Servicer functions on behalf of LIPA, including, among other things, billing and collection, meter reading and forecasting. See "RECENT DEVELOPMENTS - 2024 OSA RFP and 2024 PSMFM RFP" in Appendix A for additional information about the relationship between the Authority and PSEG Long Island.

The OSA

The following is a summary of certain provisions of the OSA. This summary is not complete and reference is made to the OSA for full and complete statements of such agreement and all provisions. The OSA has been filed with the MSRB's EMMA and is included by specific cross-reference herein. For convenience, a copy of the OSA can also be found on the Authority's website (https://www.lipower.org/operational-partners/reformed-management-contract-with-pseg-long-island/) under the caption "Reformed Contract." In addition, see "RECENT DEVELOPMENTS – 2024 OSA RFP and 2024 PSMFM RFP" in Appendix A.

Compensation Paid to PSEG Long Island and its Affiliates. Through 2021, the 2014 OSA provided for an annual fixed management services fee (approximately $68.0 million in 2021) and an annual incentive compensation pool (approximately $10.2 million in 2021), both indexed for inflation. The incentive compensation pool was earned based on favorable performance relative to approximately 26 Performance Metrics. Any revisions to the Performance Metrics included in the 2014 OSA were subject to mutual consent of LIPA and PSEG Long Island. PSEG Long Island's incentive compensation for 2020 was $9.1 million, which PSEG Long Island waived in consideration of the resolution of disputes with the Authority following Tropical Storm Isaias. The 2021 incentive compensation was approximately $9.4 million.

The reformed OSA effective April 1, 2022, provides for an annual fixed management services fee (approximately $43.7 million in 2024), a variable compensation pool (approximately $22.9 million in 2024) and a compensation pool subject to DPS reduction (approximately $18.7 million in 2024), all indexed for inflation. The variable compensation pool is earned based on performance relative to up to 110 Scope Function-specific Performance Metrics set annually by the Authority (with a recommendation to the Authority's Board by DPS) and certain Gating Performance Metrics (as such terms are defined in the OSA). The compensation pool subject to DPS reduction is paid to PSEG Long Island unless the Board accepts a DPS recommendation to reduce the pool after a DPS determination that PSEG Long Island failed to follow its Emergency Response Plan or failed to provide safe, adequate and reliable service to Authority customers.

Generally, costs and expenses (with no mark-up or profit) incurred by PSEG Long Island while providing operations services are treated as Pass-Through Expenditures and are paid by the Authority under the OSA rather than from management services fees.

In addition to management services fees, the Authority pays PSEG Long Island for services provided by PSEG affiliate companies as Pass-Through Expenditures. The majority of services provided by PSEG affiliates (approximately $26.9 million in 2024) are for certain information technology systems and services, with other costs related to human resources, procurement, payroll, accounts payable, enterprise risk management, legal, treasury, and other miscellaneous services. The reformed OSA adds senior manager positions dedicated to the Authority's operations, including a Chief Information Officer, Chief Information Security Officer, Vice President of Business Services, Director of Human Resources, and Director of Emergency Services. These new senior manager positions are primarily dedicated to services previously managed by PSEG affiliates. Under the OSA, the parties thereto have further agreed to establish and maintain information technology systems that are separate and distinct from the systems, data, reports, and information of PSEG Long Island's affiliates based in New Jersey. The Authority's Board

approved an information technology system separation plan in September 2022. As of the date of this Official Statement, system separation is planned for completion by the end of 2025. Additionally, the reformed OSA requires PSEG Long Island to demonstrate cost savings or improved service for hiring or retaining PSEG affiliates to perform services for the Authority.

Additionally, a PSEG Long Island affiliate, PSEG ER&T, provides power supply and fuel management services to LIPA under a separate contract from the OSA at a cost of approximately $20.8 million in 2024, indexed for inflation. The contract with PSEG ER&T ends on December 31, 2025. Following a 2024 competitive solicitation process, the LIPA Board approved the selection of The Energy Authority to provide such services after the expiration of PSEG ER&T's contract. The new power supply management and fuel management agreement was approved by the New York State Attorney General and the New York State Comptroller in March 2025. The preparatory transition period to the new service provider has commenced and will continue until the end of 2025. See "RECENT DEVELOPMENTS – 2024 OSA RFP and 2024 PSMFM RFP" in Appendix A.

Performance and Gating Performance Metrics. The variable compensation pool paid to PSEG Long Island each year is determined by performance relative to Performance Metrics and Gating Performance Metrics. The goal of the Performance Metrics is to achieve the strategic direction defined by the Authority Trustees for service to customers and industry best practices. Performance Metrics are proposed annually by the Authority for final recommendation to the Board by DPS after consideration of PSEG Long Island's comments. Additionally, Gating Performance Metrics are intended to discourage singularly poor performance. Failure to achieve Gating Performance Metrics, which relate to cost management, emergency preparation and response, customer satisfaction and reliability, can reduce the variable compensation pool by 15% to 100%, depending on the metric.

PSEG Long Island and ServCo Employees. Under the OSA, PSEG Long Island provides 19 of the 33 senior managers at the director level or higher and executes management services generally as an independent contractor for the T&D System on behalf of LIPA in accordance with the standards set forth in the OSA.

ServCo, a subsidiary service company of PSEG Long Island, provides 14 of the senior managers at the director level or higher (and currently eight of the 19 PSEG Long Island senior manager positions) and substantially all the operations services under the OSA. ServCo consists of approximately 2,700 employees, including the legacy LILCO and National Grid employees that transitioned employment to ServCo upon the effectiveness of the 2014 OSA. The salary and benefit costs of ServCo employees are a Pass-Through Expenditures paid by the Authority. Upon the termination of the OSA, PSEG Long Island will transfer all membership interests in ServCo to LIPA or, at LIPA's direction, its designee, at no cost.

Management Services. Under the OSA, except for certain rights and responsibilities reserved to LIPA, PSEG Long Island assumes and undertakes the rights and responsibilities for management of the T&D System and the establishment of programs and procedures with respect thereto, including: all electric transmission, distribution and load servicing activities for the safe and reliable operation and maintenance of the T&D System; day-to-day operation of the T&D System; power supply and planning and implementation of clean energy programs; engineering activities; preparation of recommended capital plan; preparation of long- and short-range planning analyses and forecasts; customer services; maintaining information technology and cyber-security of the T&D System; finance, accounting, budgeting, longer-term financial forecasting and treasury operations related to the T&D System; and other general activities such as information technology, human resources, procurement, communications, environmental health and safety compliance, enterprise risk management, and implementation of emergency response and reporting.

LIPA has policy-making and oversight responsibilities and obligations for the operation and maintenance of the T&D System consistent with the LIPA Reform Act and OSA. The OSA now also requires PSEG Long Island to adhere to Board recommendations related to operations services that are also recommended by DPS. LIPA's specific rights and responsibilities with respect to the T&D System include: the right to determine all T&D System rates and charges and establish policies that govern those rates and charges; the right to review and approve the consolidated budget; the right to review and make recommendations with respect to all planning studies and load forecasts; the right to approve all power supply procurements and wholesale contracts; the right and responsibility to establish the vision and strategic directions pursuant to which PSEG Long Island will develop strategic plans; the right to guide the strategic planning and policy with respect to wholesale markets, integrated resource plan, and clean energy programs; the right to approve changes to LIPA's small generator interconnection process; the responsibility for financing the business and operations of the Authority and LIPA; the right to conduct governmental relations, external affairs, and communications related to the interests, operations, and responsibilities of LIPA; access to and ownership of T&D System information systems; responsibility for compliance with any financing documents and administration of debt

service for all debt of the Authority and LIPA; overall responsibility for the Authority's and LIPA's legal matters, including reporting and related legal compliance; and the right to approve (which approval shall not be unreasonably withheld or delayed) PSEG Long Island's decisions regarding the appointment or replacement of PSEG Long Island's President and Chief Operating Officer, the four most senior executive managers responsible for operations, customer care, power supply/wholesale marketing, and administration, the Chief Information Officer, the Chief Information Security Officer, the Director of Emergency Management, the Vice President of Business Services, the Vice President of Legal, the Director of Human Resources and any other Senior Manager who is a Vice President level, Managing Director level, or above.

Termination of OSA. The OSA contains customary events of default, including bankruptcy, payment failures and failure to perform material obligations under the agreement, as well as cure rights. The OSA may be terminated upon an event of default that has not been timely cured. If a bankruptcy-related event of default occurs under the OSA, the OSA terminates immediately without further action by the non-defaulting party. For payment defaults or, in the case of PSEG Long Island and certain of its affiliates only, credit support-related defaults, the non-defaulting party may terminate upon not less than fifteen Business Days' written notice to the other party. For other events of default, generally, LIPA may terminate no later than 18 months after written notice and PSEG Long Island may terminate no earlier than 18 months after written notice. Immediately upon the expiration or any earlier termination of the OSA, PSEG Long Island will transfer the membership interests in ServCo and all corporate books and records to LIPA or, at LIPA's direction, its designee at no cost to LIPA or its designee. LIPA and PSEG Long Island will mutually agree upon such instruments, agreements and other documents as may be reasonably necessary to effect such transfer.

Additional LIPA Termination Rights. LIPA may also terminate the OSA at any time upon not less than six months' notice in the event (i) the T&D System is sold, transferred or assigned, in whole or in part, to a federal, state or municipal governmental entity or to a private entity (a "LIPA Privatization") or (ii) LIPA has determined to operate and maintain the T&D System with its own employees (a "LIPA Municipalization"). In addition, if a Change of Control (as defined in the OSA) of PSEG Long Island or certain affiliated entities occurs, LIPA may terminate the OSA upon not less than thirty days' notice. The OSA contains Default Metrics related to PSEG Long Island's performance on emergency preparedness and response, customer satisfaction, and cyber security. PSEG Long Island's failing any of the Default Metrics (as defined in the OSA) gives LIPA the right to terminate the OSA. Furthermore, the OSA also contains a Duty of Candor (as defined in the OSA), which gives LIPA the right to terminate the OSA if PSEG Long Island fails to fully and accurately respond to LIPA or DPS requests or to voluntary disclose known matters that may materially impair its performance.

Additional Service Provider Termination Rights. Under the OSA, PSEG Long Island may terminate the agreement in the event of either a (i) LIPA Privatization, (ii) LIPA Municipalization or (iii) Change in Regulatory Law (as defined in the OSA). In the event of a termination of the OSA by PSEG Long Island as a result of a LIPA Privatization, the termination date would be the closing date of the sale, transfer or assignment of the T&D System. In the event of a termination of the OSA by PSEG Long Island by reason of a LIPA Municipalization, the termination date would be the effective date of LIPA's employment of the T&D System operating and maintenance personnel or LIPA's acquisition of PSEG Long Island service company, whichever first occurs. PSEG Long Island is required to provide LIPA with no less than six months' prior written notice of termination by reason of a LIPA Privatization or LIPA Municipalization unless PSEG Long Island receives less than six months' notice from LIPA of such event. If PSEG Long Island exercises its right to terminate the OSA by reason of a Change in Regulatory Law, the termination notice period would generally extend for 12 or 14 months. In the case of a Change in Regulatory Law that subjects PSEG Long Island (or any of its affiliates that provides Operation Services under the OSA) to rate or other substantive regulation by the DPS or any other state utility commission, the OSA will automatically terminate without notice or further action of the Parties one day prior to the effective date of such Change in Regulatory Law, unless PSEG Long Island agrees in writing to waive its termination right relating thereto. Under the OSA, LIPA has the option to extend the effective date of any termination by reason of Change in Regulatory Law on a month-to-month basis for up to a maximum of six months upon payment of an extension fee calculated in accordance with the OSA. In addition, in the case of a termination of the OSA by PSEG Long Island by assertion of Federal Energy Regulatory Commission jurisdiction over the OSA or PSEG Long Island, the OSA permits LIPA to submit to arbitration the question of whether a delay in the termination of the OSA would be in the public interest and fair and equitable to LIPA and PSEG Long Island, and should, therefore, be permitted.

Service Provider as LIPA's Agent. The OSA designates PSEG Long Island as LIPA's agent to enter into (a) purchase, rental and other contracts on behalf of and for the account of LIPA to properly operate and maintain the

T&D System, to maintain the records of LIPA, to make such additions and extensions to the T&D System and, as may be needed from time to time by LIPA, to enter into contracts for support and back office services related to LIPA, the T&D System, and/or LIPA's assets provided that entering into such contracts is consistent with applicable law under the OSA, and (b) to enter into contracts under LIPA's tariff with retail customers and wholesale customers/generators under LIPA's tariff. The designation as agent enhances the financial benefits and relationship between the parties under the agreement, including the ability to achieve certain sales and use tax savings.

DPS Rate Proceeding and Budgeting. The OSA establishes a process for proceedings for rate proposals that seek to increase rates above 2.5% of aggregate revenues annually, for review by the DPS and recommendation to the Board. The Authority has yet to submit a rate proposal that increased rates in excess of 2.5% of aggregate revenues. The OSA specifically acknowledges the Board's sole right to set final and interim rates.

The OSA provides that in any DPS rate proceeding, LIPA will provide evidentiary and other support and submit its views regarding the LIPA portion of the rate plan, and PSEG Long Island will be responsible for the rest of the rate plan, and both parties may submit their own views on the filing. If the DPS proposes a draft recommendation to either party, the parties must work together to determine if the proposed recommendation is consistent with the OSA and LIPA's statutory obligations. If the parties cannot agree on such a conclusion, but the recommendation is presented to the Authority Trustees for approval, PSEG Long Island may present its views about the recommendation to the Authority Trustees at any Board meeting prior to a vote. Upon receipt of a final recommendation from the DPS, the parties have 21 days to negotiate and finalize an updated budget, during which time the Board would not take final action on the DPS recommendation unless necessary to comply with bond covenants or applicable law. If agreement on the budget is not reached within 21 days, then the parties would submit the matter for resolution through expedited binding arbitration. See "RATES AND CHARGES – Authority to Set Electric Rates."

Customer Rate Changes. The OSA allows either party to propose to the other, a rate change deemed necessary, upon the same basis as stated above. Following negotiations, PSEG Long Island will prepare a proposal within 30 days for LIPA's review and within 30 days thereafter, the parties will engage in good faith discussions to agree on the rate change proposal. Following this process, the Authority can implement a change in rates or charges provided it is consistent with the OSA and the LIPA Reform Act.

Voluntary DPS Rate Filing. For any rate filing permitted, but not required under the LIPA Reform Act, the OSA sets forth that the process described above will be followed for a DPS proceeding.

Overall Cap on Certain Service Provider Liabilities. The OSA limits to $40 million the total amount of damages and reductions in variable compensation and in the compensation pool subject to DPS reduction that can be sustained by PSEG Long Island in a year or from a single event or circumstance. Damages for willful misconduct and bad faith breach are not subject to the overall cap.

Servicing Experience

The Authority, through LIPA, has acted as servicer of the Prior Restructuring Property created in accordance with each of the Prior Financing Orders, commencing in January 2014 in connection with the Prior Restructuring Properties securing the 2013 Restructuring Bonds. To date, the Servicer has complied with its obligations under each of the servicing agreements relating to Prior Restructuring Properties, including timely performance of its obligations relating to the True-Up Adjustment Process.

In addition, except as described in the following paragraph, the Prior Restructuring Bonds have been paid in accordance with the expected amortization schedules therefor. For the first four months of 2016, billings and collections of the restructuring charges securing the 2013 Restructuring Bonds and the 2015 Restructuring Bonds, respectively, were approximately 5.2% below forecast principally due to unseasonably warm winter weather and greater than expected energy efficiency. On April 15, 2016, the Servicer in its capacity as servicer for such restructuring bonds, issued notices of adjustment applicable to those restructuring charges, which adjustments reflected the lower than expected billings and collections. Those adjustments were effective on May 15, 2016. In order to pay a portion of the June 15, 2016 debt service payment obligation relating to the 2013 Restructuring Bonds, $2,422,557.92 from the then-current reserve balance of $10,128,254.86 was withdrawn from the reserve subaccount. In order to pay a portion of the June 15, 2016 debt service payment obligation relating to the 2015 Restructuring Bonds, $863,695.48 from the then-current 2015 reserve balance of $20,054,812.42 was withdrawn from the operating reserve subaccount. The notices of adjustment issued on April 15, 2016 contemplated the lower than forecast sales and the need to replenish the amounts then projected to be withdrawn from the reserves with amounts to be collected from the adjusted restructuring charges. Those reserves were replenished from such adjusted restructuring charges.

Due to an administrative error by The Bank of New York Mellon, as trustee and paying agent for the 2022 Restructuring Bonds (the "2022 Trustee"), a principal payment of $5,955,000 of the Issuer's Restructuring Bonds, Series 2022TE-1, Tranche 1, was not made on the scheduled maturity date of June 15, 2023. Sufficient funds were on deposit with the 2022 Trustee to make the full payment on such date, and all other scheduled payments of principal and interest on the Prior Restructuring Bonds were made on such date, including the payment of interest on such 2022 Restructuring Bonds. The error was discovered during an internal Authority account reconciliation process. Such principal payment was subsequently made in July 2023 after the 2022 Trustee was notified of the error.

Allocation Account; Remittance of 2025 Restructuring Charges; Reconciliation

Allocation Account; Daily Remittances. The Authority has established an Allocation Account that holds all Customer payments until the checks clear and allocations can be made. The Allocation Account is administered by an Allocation Agent designated by the Authority for the benefit of the Trustee, the trustees for each of the Prior Restructuring Bonds, and the trustee under the Authority's General Resolution (as defined herein). The Authority itself will continue to act as the Allocation Agent.

The Servicer is required to cause all payments from Customers (including Charge Collections) to be deposited into the Allocation Account. Customer revenues which are not directly paid into the Allocation Account by Customers and are otherwise received by the Servicer must be deposited into the Allocation Account within two Business Days' receipt by the Servicer or the Authority. On each Business Day, the Allocation Agent is required to transfer to the Trustee for deposit into the Collection Account the amount of Charge Collections estimated to have been received and deposited into the Allocation Account. Such amount is referred to as "Daily Remittances." The remaining funds in the Allocation Account on each such Business Day will be transferred to the Authority's revenue account.

Reconciliation of Actual versus Estimated Charges

Pursuant to the Servicing Agreement, within fifteen days prior to the date on which it files an Adjustment Notice with the Authority, the Servicer is required to calculate and report the amount of Actual Charge Collections during the prior Reconciliation Period as compared to the Estimated Charge Collections in that period. The Servicer is also required to calculate the amount of any Excess Remittance or Remittance Shortfall for that prior Reconciliation Period.

If a Remittance Shortfall exists, the Servicer will cause the Allocation Agent to make a supplemental remittance from the Allocation Account to the Collection Account within two Business Days after such calculation. If an Excess Remittance exists, the Servicer will cause the Excess Remittance to be corrected as soon as practicable by either (1) reducing the amount of each Daily Remittance from the Allocation Account until the balance of the Excess Remittance has been reduced to zero, or (2) causing payment of the amount of the Excess Remittance to the Servicer (for deposit in the revenue fund established under the Authority's General Resolution) from the General Subaccount or the Excess Funds Subaccount, if necessary.

Where to Find Information regarding PSEG and PSEG Long Island

Further information about PSEG and PSEG Long Island can be found at its website at http://www.pseg.com. No information on PSEG's website is included by specific cross-reference herein.

THE TRUSTEE

The Trustee for the 2025 Restructuring Bonds is The Bank of New York Mellon. The address of the principal office of the Trustee is 240 Greenwich Street, 7E, New York, New York 10286.

The Trustee may resign at any time by so notifying the Issuer; provided, however, that no such resignation shall be effective until either (a) the 2025 Collateral has been completely liquidated and the proceeds distributed to the Holders or (b) a successor trustee having certain qualifications set forth in the Indenture has been designated and has accepted such trusteeship. The Holders of a majority in Outstanding Amount of the 2025 Restructuring Bonds may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Issuer will remove the Trustee if the Trustee (i) ceases to satisfy certain credit standards set forth in the Indenture, (ii) becomes a debtor in a bankruptcy Proceeding or is adjudicated insolvent or a receiver or other public officer takes charge of the Trustee or its property, or (iii) becomes incapable of acting. If the Trustee resigns or is removed or a vacancy exists in the office of Trustee for any reason, the Issuer will be obligated promptly to appoint a successor Trustee.

The Trustee shall not be liable for any action it takes or omits to take in good faith in accordance with a direction it received by the Holders; provided that its conduct does not constitute willful misconduct or negligence.

The Issuer has agreed to indemnify, defend and hold harmless the Trustee and its officers, directors, employees and agents from and against any and all loss, liability or expense (including reasonable attorney's fees and expenses) incurred by it in connection with the performance of its duties under the Indenture, provided that the Issuer is not required to pay any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct or negligence.

RATING AGENCY CONDITION

The Basic Documents provide that certain actions are subject to the "Rating Agency Condition." In each such case, the "Rating Agency Condition" means, with respect to any action, not less than ten Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each of S&P, Moody's and Fitch to the Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any tranche of the 2025 Restructuring Bonds and that prior to the taking of the proposed action no other Rating Agency shall have provided written notice to the Issuer that such action has resulted or would result in the suspension, reduction or withdrawal of the then current rating of any tranche of 2025 Restructuring Bonds; provided, however, that if within such ten Business Day period, any Rating Agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (i) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request, and if it has, promptly request the related Rating Agency Condition confirmation and (ii) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the Rating Agency Condition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent).

THE INDENTURE

In addition to the description of certain provisions of the Indenture contained elsewhere herein, the following is a brief summary of certain provisions of the Indenture and does not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to the Indenture for the detailed provisions thereof.

Reports to Holders

So long as the Trustee is the Bond Registrar and Paying Agent, upon the written request of any current or former Holder or the Issuer, the Trustee shall deliver to such Holder, within the prescribed period of time for tax reporting purposes after the end of each calendar year, such information in its possession as may be required to enable such Holder to prepare its federal income and any applicable local or state tax returns. If the Bond Registrar and Paying Agent is other than the Trustee, such Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its federal income and any applicable local or state tax returns.

On or prior to each Payment Date, the Trustee will deliver to each Holder on such Payment Date a statement prepared by the Servicer and provided to the Trustee which will include (to the extent applicable) the following information as to the 2025 Restructuring Bonds with respect to such Payment Date or the period since the previous Payment Date, as applicable:

(a) the amount of the payment to Holders allocable to principal,

(b) the amount of the payment to Holders allocable to interest,

(c) the Outstanding Amount of each tranche, before and after giving effect to payments allocated to principal reported under clause (a) above,

(d) the difference, if any, between the Outstanding Amount of each tranche and the projected principal balance as of such Payment Date, after giving effect to payments to be made on such Payment Date,

(e) the amounts on deposit in the Operating Reserve Subaccount as of such Payment Date,

(f) the amounts on deposit in the Debt Service Reserve Subaccount as of such Payment Date,

(g) the amounts, if any, on deposit in the Excess Funds Subaccount as of the Payment Date,

(h) the amounts paid to the Trustee since the previous Payment Date,

(i) the amounts paid to the Servicer since the previous Payment Date,

(j) the amounts paid to the Administrator since the previous Payment Date, and

(k) any other transfers and payments to be made pursuant to the Indenture since the previous Payment Date.

Covenants of Issuer

Affirmative Covenants. The Issuer agrees to:

- duly and punctually pay principal of and redemption price, if any, and interest on the 2025 Restructuring Bonds when due in accordance with the terms of the 2025 Restructuring Bonds and the Indenture,
- appoint the Trustee as its agent to receive all 2025 Restructuring Bonds that are surrendered for registration of transfer or exchange,
- make all payments of amounts due and payable from amounts in the Collection Account and no amounts so withdrawn from the Collection Account for payments of the 2025 Restructuring Bonds shall be paid to the Issuer except as provided in the Indenture,
- cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent agrees to:
    - hold all sums held by it for the payment of amounts due with respect to the 2025 Restructuring Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided,
    - give the Trustee notice of any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default (a "Default") by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the 2025 Restructuring Bonds,
    - at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent,
    - immediately resign as a Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of the 2025 Restructuring Bonds if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment, and
    - comply with all requirements of the Internal Revenue Code with respect to the withholding from any payments made by it on any 2025 Restructuring Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith,
- direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent and upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money,
- make (except to the extent required to be made by the Seller or Servicer) all such filings pursuant to the Securitization Law or Financing Order No. 8, instruments of further assurance and other instruments, and will take such other action necessary or advisable to maintain and preserve the 2025 Collateral,
- execute and deliver all such supplements and amendments thereto,
- diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the 2025 Collateral and not take any action and use its reasonable efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument

or agreement, except, in each case, as expressly permitted in the Basic Documents or such other instrument or agreement,

- punctually perform and observe all of its obligations and agreements contained in the Indenture, in the Basic Documents and in the instruments and agreements included in the 2025 Collateral,
- not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof without the written consent of (a) the Trustee (which consent shall not be withheld if (i) the Trustee shall have received an Officer's Certificate stating that such waiver, amendment, modification, supplement or termination shall not adversely affect in any material respect the interests of the Bondholders or the holders of Certificates and (ii) the Rating Agency Condition shall have been satisfied with respect thereto) or (b) the Holders of at least a majority of the Outstanding Amount of 2025 Restructuring Bonds,
- if it has knowledge of the occurrence of a Servicer Default under the Servicing Agreement, promptly give written notice thereof to the Trustee and the Rating Agencies, and shall specify in such notice the action, if any, the Issuer is taking with respect of such default and if a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the 2025 Restructuring Property, including the 2025 Restructuring Charge, the Issuer shall take all reasonable steps available to it to remedy such failure,
- as required by the Servicing Agreement, appoint a Successor Servicer with the Trustee's prior written consent thereto (which consent shall not be unreasonably withheld and shall be given upon the written direction of Holders of not less than a majority of the Outstanding Amount of the 2025 Restructuring Bonds), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer and the Trustee. If within 30 days after the delivery of the notice referred to above, the Issuer shall not have obtained such a new Successor Servicer, the Trustee, at the expense of the Issuer, may petition a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, the Issuer may make such arrangements for the compensation of such Successor Servicer as it and such Successor Servicer shall agree, subject to the limitations set forth below and in the Servicing Agreement, and in accordance and in compliance with the Servicing Agreement, the Issuer shall enter into an agreement with such Successor Servicer for the servicing of the 2025 Restructuring Property (such agreement to be in form and substance satisfactory to the Trustee),
- upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, the Trustee shall promptly notify the Issuer, the Bondholders and the Rating Agencies, and as soon as a Successor Servicer is appointed, the Issuer shall notify the Trustee, the Bondholders and the Rating Agencies of such appointment, specifying in such notice the name and address of such Successor Servicer,
- not, without the prior written consent of the Trustee or the Holders of at least a majority in Outstanding Amount of the 2025 Restructuring Bonds, amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of any 2025 Collateral or the Basic Documents, or waive timely performance or observance of any material term by the Seller or the Servicer under the Sale Agreement or the Servicing Agreement, respectively; provided, however, that if the Rating Agency Condition is met, no such consent shall be required with respect to any agreements, to accommodate the issuance of any additional bonds, notes or other obligations issued by the Issuer as permitted by the laws of the State of New York and the Indenture,
- enforce the Servicer's compliance with all of the Servicer's obligations under the Servicing Agreement to the extent material to the payment and security of the 2025 Restructuring Bonds,
- give the Trustee and the Rating Agencies prompt written notice of each Event of Default thereunder as provided in the Indenture, or waiver thereof and each default on the part of the Seller or the Servicer of its obligations under the Sale Agreement or the Servicing Agreement, respectively, materially and adversely affecting the 2025 Restructuring Bonds,
- upon request of the Trustee, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of the Indenture and maintain a first priority perfected security interest in the 2025 Collateral in favor of the Trustee,

- comply with the applicable provisions of the Internal Revenue Code relating to the exclusion of the interest on the 2025 Restructuring Bonds from gross income for federal income taxation purposes, and
- comply with the tax agreements executed and delivered by it and the letter of instructions, if any, delivered by Bond Counsel, in connection with the issuance of the 2025 Restructuring Bonds as to compliance with applicable provisions of the Internal Revenue Code, as such tax covenants and agreements and letter may be amended from time to time, as a source of guidance for achieving compliance with the Internal Revenue Code, including, without limitation, timely payments of all rebate or other amounts to the United States Department of the Treasury under Section 148 of the Internal Revenue Code.

Negative Covenants. So long as any 2025 Restructuring Bonds are Outstanding, the Issuer shall not:

- except as expressly permitted by the Indenture, sell, transfer, exchange or otherwise grant or dispose of any of, or assign any interest in, the 2025 Collateral, unless directed to do so by the Trustee in accordance with the Indenture,
- claim any credit on, or make any deduction from the principal or interest payable in respect of, the 2025 Restructuring Bonds (other than amounts properly withheld from such payments under the Internal Revenue Code or other tax law) or assert any claim against any present or former Bondholder by reason of the payment of the taxes levied or assessed upon any part of the 2025 Collateral,
- voluntarily consent to the termination of its existence or its dissolution or liquidation in whole or in part,
- permit the validity or effectiveness of the Indenture to be impaired, or permit the Lien of the Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the 2025 Restructuring Bonds under the Indenture except as may be expressly permitted hereby,
- permit any Lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the Lien of the Indenture and the Lien created by the Securitization Law) to be created by the Issuer on or extend to or otherwise arise upon or burden the 2025 Collateral or any part thereof or any interest therein or the proceeds thereof,
- subject to the Lien created by the Securitization Law, permit the Lien of the Indenture not to constitute a valid first priority security interest in the 2025 Collateral,
- take any action which is subject to a Rating Agency Condition without satisfying the Rating Agency Condition,
- issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the 2025 Restructuring Bonds and except as permitted in the Indenture,
- issue any additional restructuring bonds, except pursuant to the Securitization Law and consistent with the Indenture,
- except as otherwise contemplated by the Sale Agreement, the Servicing Agreement or the Indenture, make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person,
- other than expenditures in connection with the Issuer's purchase of the 2025 Restructuring Property from the Seller, make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty), and
- take or cause to be taken, or permit to be taken, any action or actions with respect to the application and investment of any proceeds of the 2025 Restructuring Bonds or any other funds from whatever source derived which would cause the 2025 Restructuring Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code or "private activity bonds" within the meaning of Section 141

of the Internal Revenue Code. The Issuer will not consent to any amendment to, or waive performance of, any covenant of the Authority or the Servicer relating to the use, ownership or management of the projects or any portion thereof financed or refinanced by the 2025 Restructuring Bonds in the tax agreements or certificates entered into by the Authority and the Servicer in connection with the 2025 Restructuring Bonds unless the Issuer has received an Opinion of Counsel from a nationally recognized bond counsel to the effect that such amendment or waiver would not, by itself, cause the 2025 Restructuring Bonds to be "private activity bonds" within the meaning of Section 141 of the Internal Revenue Code or otherwise cause interest on the 2025 Restructuring Bonds to be included in gross income for federal income tax purposes.

Events of Default

The Indenture provides that each of the following will constitute "Events of Default" thereunder:

(a) default in the payment of any interest or redemption premium on any Bond when the same becomes due and payable, and such default shall continue for a period of 5 Business Days,

(b) default in the payment of the then unpaid principal of any tranche of 2025 Restructuring Bonds on the Final Maturity Date for such tranche,

(c) default in the observance or performance in any material respect of any covenant or agreement of the Issuer made in the Indenture (other than a covenant or agreement, a default in the observance or performance of which is specifically described elsewhere in this section) or any representation or warranty of the Issuer made in the Indenture or in any certificate or other writing delivered pursuant to the Indenture or in connection therewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured or the circumstances or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, as the case may be, for a period of 30 days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% of the Outstanding Amount of the 2025 Restructuring Bonds, a written notice specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture or (ii) the date that the Issuer has actual knowledge of the default,

(d) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the 2025 Collateral in an involuntary case or Proceeding under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the 2025 Collateral, or ordering the winding-up or liquidation of the Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days,

(e) the commencement by the Issuer of a voluntary case or Proceeding under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case or Proceeding under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the 2025 Collateral, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing, or

(f) any act or failure to act by the State or any of its agencies (including the Authority), officers or employees which violates or is not in accordance with Financing Order No. 8 or the State Pledge.

Failure to pay principal or the redemption price in accordance with the Expected Amortization Schedule because collections from Customers were not sufficient to make such payments shall not constitute an Event of Default under the Indenture; provided, however, that failure to pay the entire unpaid principal amount of the 2025 Restructuring Bonds of a tranche upon the Final Maturity Date of the tranche shall constitute an Event of Default, and the entire unpaid principal amount of the 2025 Restructuring Bonds shall be due and payable, if not previously paid, on any other date on which an Event of Default shall have occurred and be continuing, if the Trustee or the Holders

representing not less than a majority of the Outstanding Amount of the 2025 Restructuring Bonds have declared the 2025 Restructuring Bonds to be immediately due and payable on acceleration.

Remedies—Acceleration

If an Event of Default under the Indenture should occur and be continuing, then and in every such case the Trustee or the Holders representing not less than a majority of the Outstanding Amount of the 2025 Restructuring Bonds may declare all the 2025 Restructuring Bonds to be immediately due and payable, by a notice in writing to the Issuer (and to the Trustee if given by Holders), and upon any such declaration the unpaid principal amount of the 2025 Restructuring Bonds, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the Holders representing a majority of the Outstanding Amount of the 2025 Restructuring Bonds, by written notice to the Issuer and the Trustee, may rescind such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Trustee a sum sufficient to pay (A) all sums paid or advanced by the Trustee thereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel and (B) all payments of principal of and interest on all 2025 Restructuring Bonds and all other amounts that would then be due thereunder or upon such 2025 Restructuring Bonds if the Event of Default giving rise to such acceleration had not occurred, and

(ii) all Events of Default under the Indenture, other than the nonpayment of the principal of the 2025 Restructuring Bonds that has become due solely by such acceleration, have been cured or waived as provided in the Indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

Remedies—Trustee's Rights

If an Event of Default under the Indenture shall have occurred and be continuing, the Trustee may do one or more of the following (subject to the provisions of the Indenture):

(a) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the 2025 Restructuring Bonds or under the Indenture with respect thereto, whether by declaration of acceleration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon such 2025 Restructuring Bonds moneys adjudged due,

(b) institute Proceedings from time to time for the complete or partial foreclosure of the Indenture with respect to the 2025 Collateral,

(c) exercise any remedies of a secured party under the Securitization Law or other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Trustee and the Holders of the 2025 Restructuring Bonds,

(d) sell the 2025 Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law, and

(e) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Servicer under or in connection with, and pursuant to the terms of, the Servicing Agreement;

provided, however, that the Trustee may not sell or otherwise liquidate any portion of the 2025 Collateral following an Event of Default, other than an Event of Default described in clauses (a) and (b) under "Events of Default" above, unless (A) the Holders of 100% of the Outstanding Amount of the 2025 Restructuring Bonds consent thereto, (B) the proceeds of such sale or liquidation distributable to the Holders are sufficient to discharge in full all amounts then due and unpaid upon such 2025 Restructuring Bonds for principal and interest after taking into account payment of all amounts due prior thereto pursuant to the priorities set forth above under "Collection Account and Subaccounts," or (C) the Trustee determines that the 2025 Collateral will not continue to provide sufficient funds for all payments on the 2025 Restructuring Bonds as they would have become due if the 2025 Restructuring Bonds had not been declared immediately due and payable, and the Trustee obtains the written consent of Holders of at least a majority of the Outstanding Amount of the 2025 Restructuring Bonds. In determining such sufficiency or insufficiency with respect to clause (B) or (C), the Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent

investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the 2025 Collateral for such purpose.

If the Trustee collects any money, it shall pay out such money in accordance with the priorities set forth in "SECURITY FOR THE 2025 RESTRUCTURING BONDS—Description of Indenture Accounts."

The rights and remedies conferred upon or reserved to the Trustee or the Bondholders by the Indenture is not exclusive to any right or remedy and is cumulative and in addition to every other right or remedy.

Remedies—Optional Possession of 2025 Collateral

If the 2025 Restructuring Bonds have been declared to be due and payable under the Indenture following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Trustee may, but need not, elect to maintain possession of the 2025 Collateral. In determining whether to maintain possession of the 2025 Collateral or sell or liquidate the same, the Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or certified public accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the 2025 Collateral for such purpose.

Remedies—Limitation of the Rights of Holders

No Holder of any 2025 Restructuring Bond shall have any right to institute any Proceeding, judicial or otherwise, with respect to the Indenture, or to avail itself of any remedies provided in the Securitization Law or to utilize or enforce the statutory lien or to avail itself of the right to foreclose on the 2025 Collateral or otherwise enforce the Lien and the security interest on the 2025 Collateral with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder previously has given written notice to the Trustee of a continuing Event of Default under the Indenture,

(b) the Holders of not less than a majority of the Outstanding Amount of the 2025 Restructuring Bonds have made written request to the Trustee to institute such Proceeding in respect of such Event of Default under the Indenture in its own name as Trustee under the Indenture,

(c) such Holder or Holders have offered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request,

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings, and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of at least a majority of the Outstanding Amount of the 2025 Restructuring Bonds;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Holders or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under the Indenture, except in the manner therein provided.

In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Holders, each representing less than a majority of the Outstanding Amount of the 2025 Restructuring Bonds, the Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of the Indenture.

Voting of the 2025 Restructuring Bonds; Control of Proceedings by Holders

The Holders of a majority of the Outstanding Amount of the 2025 Restructuring Bonds (or, if less than all tranches are affected, the affected tranche or tranches) have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Trustee with respect to the 2025 Restructuring Bonds of such tranche or tranches or exercising any trust or power conferred on the Trustee with respect to such tranche or tranches; provided that:

(a) such direction shall not be in conflict with any rule of law or with the Indenture,

(b) subject to the express terms of the Indenture, any direction to the Trustee to sell or liquidate any 2025 Collateral shall be by the Holders representing 100% of the Outstanding Amount of the 2025 Restructuring Bonds,

(c) if the conditions set forth in the Indenture have been satisfied and the Trustee elects to retain the 2025 Collateral, then any direction to the Trustee by Holders representing less than 100% of the Outstanding Amount of the 2025 Restructuring Bonds to sell or liquidate the 2025 Collateral shall be of no force and effect, and

(d) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction;

provided, however, that the Trustee's duties shall be subject to the terms of the Indenture, and the Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Holders not consenting to such action. Furthermore and without limiting the foregoing, the Trustee shall not be required to take any action for which it reasonably believes that it will not be indemnified to its satisfaction against any cost, expense or liability.

Waiver of Past Defaults

Prior to the declaration of the acceleration of the maturity of the 2025 Restructuring Bonds, Holders representing a majority of the Outstanding Amount of the 2025 Restructuring Bonds (or, if less than all tranches are affected, the Holders of a majority of the 2025 Restructuring Bonds of the affected tranches in the aggregate) may, by written notice to the Trustee, waive any past default or event of default under the Indenture and its consequences, except a default (a) in payment of principal of or interest on any of the 2025 Restructuring Bonds or (b) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Bond of all tranches affected. In the case of any such waiver, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other default or event of default under the Indenture or impair any right consequent thereto.

Upon any such waiver, such default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other default or event of default under the Indenture or impair any right consequent thereto.

Modifications of Indenture that Do Not Require the Consent of Holders

Without the consent of the Holders of any 2025 Restructuring Bonds but with prior notice to the Rating Agencies, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental to the Indenture in form reasonably satisfactory to the Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property, including, without limitation, the 2025 Collateral, at any time subject to the Lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the Lien of the Indenture, or to subject to the Lien of the Indenture additional property,

(ii) to evidence the succession, in compliance with the applicable provisions thereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer in the Indenture and in the 2025 Restructuring Bonds,

(iii) to add to the covenants of the Issuer, for the benefit of the Holders, or to surrender any right or power conferred upon the Issuer by the Indenture,

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee,

(v) to cure any ambiguity, to correct or supplement any provision in the Indenture or in any supplemental indenture, which may be inconsistent with any other provision of the Indenture or in any supplemental indenture, or to make any other provisions with respect to matters or questions arising under the Indenture or in any supplemental indenture; provided, however, that such action shall not adversely affect the interests of the Holders of the 2025 Restructuring Bonds,

(vi) to evidence and provide for the acceptance of the appointment under the Indenture by a successor Trustee with respect to the 2025 Restructuring Bonds and to add or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the trusts thereunder by more than one Trustee, pursuant to the requirements set forth in the Indenture,

(vii) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act or under any similar federal statute hereafter enacted and to add to the Indenture such other provisions as may be expressly required by the Trust Indenture Act,

(viii) to qualify the 2025 Restructuring Bonds of any tranche for listing on a securities exchange or registration with a Clearing Agency, or

(ix) to satisfy any Rating Agency requirements or to maintain, or improve upon, the existing ratings on the 2025 Restructuring Bonds.

The Issuer and the Trustee, when authorized by an Issuer Order, may, also without the consent of any of the Holders of the 2025 Restructuring Bonds enter into an indenture or indentures supplemental to the Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or of modifying in any manner the rights of the Holders under the Indenture; provided, however, that (i) such action shall not, as evidenced by an Officer's Certificate, adversely affect in any material respect the interests of the Holders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto.

Modifications of Indenture that Require the Consent of Holders

The Issuer and the Trustee, when authorized by an Issuer Order, also may, with prior notice to the Rating Agencies and with the consent of the Holders of not less than a majority of the Outstanding Amount of the 2025 Restructuring Bonds of each tranche to be affected, by act of such Holders delivered to the Issuer and the Trustee, enter into an indenture or indentures supplemental to the Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or of modifying in any manner the rights of the Holders under the Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Bond of each tranche affected thereby:

(i) change the date of payment of any installment of principal of or interest on any 2025 Restructuring Bond, or reduce the principal amount thereof, or the interest rate thereon, change the provisions of the Indenture relating to the application of collections on, or the proceeds of the sale of, the 2025 Collateral to payment of principal of or interest on the 2025 Restructuring Bonds, or change any place of payment where, or the coin or currency in which, any Bond or the interest thereon is payable, or impair the right to institute suit for the enforcement of the provisions of the Indenture requiring the application of funds available therefor, as provided in the Indenture, to the payment of any such amount due on the 2025 Restructuring Bonds on or after the respective due dates thereof,

(ii) reduce the percentage of the Outstanding Amount of the 2025 Restructuring Bonds or of a tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences provided for in the Indenture,

(iii) modify or alter the provisions of the proviso to the definition of "Outstanding,"

(iv) reduce the percentage of the Outstanding Amount of the 2025 Restructuring Bonds required to direct the Trustee to direct the Issuer to sell or liquidate the 2025 Collateral pursuant to the Indenture,

(v) modify any provision of the Indenture relating to supplemental indentures requiring Holders' consent except to increase any percentage specified therein or to provide that certain additional provisions of the Indenture or the other Basic Documents cannot be modified or waived without the consent of the Holder of each Outstanding Bond affected thereby,

(vi) modify any of the provisions of the Indenture in such manner as to affect the calculation of the amount of any payment of interest or principal due on any Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Amortization Schedule, Scheduled Sinking Fund Redemption Date or Final Maturity Dates of any tranche of 2025 Restructuring Bonds,

(vii) decrease the Required Operating Reserve Level or the Required Debt Service Reserve Level,

(viii) modify the provisions of the Indenture regarding the voting of the 2025 Restructuring Bonds held by the Issuer, the Servicer or any Affiliate of any of the foregoing Persons,

(ix) decrease the percentage of the aggregate principal amount of 2025 Restructuring Bonds or affected tranche required to amend the sections of the Indenture which specify applicable percentages of the aggregate principal amount of the 2025 Restructuring Bonds necessary to amend any Basic Document,

(x) cause a violation of the tax covenants of the Issuer, or

(xi) permit the creation of any Lien ranking prior to or on a parity, other than as specifically contemplated in the Indenture, with the Lien of the Indenture with respect to any part of the 2025 Collateral or, except as otherwise permitted or contemplated herein, terminate the Lien of the Indenture on any property at any time or deprive the Holder of any Bond of the security provided by the Lien of the Indenture.

It shall not be necessary for any consent of Holders under the Indenture to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Holders shall approve the substance thereof.

Promptly after the execution by the Issuer and the Trustee of any supplemental bond indenture, the Issuer shall send to the Rating Agencies and the Holders to which such amendment or supplemental bond indenture relates either a copy of such supplemental indenture or a notice setting forth in general terms the substance of such supplemental bond indenture.

Satisfaction and Discharge of Indenture

The Indenture shall cease to be of further effect with respect to the 2025 Restructuring Bonds and the Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute such instruments as the Issuer reasonably requests acknowledging satisfaction and discharge of the Indenture with respect to the 2025 Restructuring Bonds, when:

(i) either:

(A) all 2025 Restructuring Bonds theretofore authenticated and delivered (other than (1) 2025 Restructuring Bonds that have been destroyed, lost or stolen and that have been replaced or paid as provided in the Indenture and (2) 2025 Restructuring Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided in the Indenture) have been delivered to the Trustee for cancellation, or

(B) the Final Maturity Date has occurred with respect to all 2025 Restructuring Bonds not theretofore delivered to the Trustee for cancellation and the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Trustee cash in an amount sufficient to pay principal and to discharge the entire indebtedness on such 2025 Restructuring Bonds not theretofore delivered to the Trustee for cancellation on the Final Maturity Date,

(ii) the Issuer has paid or caused to be paid all other sums payable thereunder by the Issuer, and

(iii) the Issuer has delivered to the Trustee an Officer's Certificate, an Opinion of Counsel of Independent counsel and (if required by the Trustee) an Independent Certificate from a firm of certified public accountants, each meeting the requirements of the Indenture and each stating that all conditions precedent therein provided for relating to the satisfaction and discharge of the Indenture with respect to the 2025 Restructuring Bonds have been complied with.

Legal Defeasance

Subject to the provisions of the Indenture, including those detailed in "Conditions to Defeasance" below, the Issuer at any time may terminate all its obligations under the Indenture with respect to the 2025 Restructuring Bonds (a "Legal Defeasance"). In the event of a Legal Defeasance, the maturity of the 2025 Restructuring Bonds defeased pursuant to such Legal Defeasance may not be accelerated because of an Event of Default.

Upon satisfaction of the conditions set forth in the Indenture to a Legal Defeasance, the Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute such instruments as the Issuer reasonably requests acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

Conditions to Defeasance. The Issuer may exercise a Legal Defeasance only if:

(a) the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Trustee cash or noncallable defeasance securities for the payment of principal or redemption price of and interest on each such 2025 Restructuring Bonds to the Scheduled Maturity Date (or, if applicable, at the election of the Issuer, any earlier optional redemption date) or the Scheduled Sinking Fund Redemption Date (or, if applicable, any optional redemption date), or with respect to the 2025 Restructuring Bonds of any tranche subject to optional redemption, cash or non-callable defeasance securities for the payment of principal or the redemption price of and interest on each such 2025 Restructuring Bonds as set forth in the written notice provided by the Issuer,

(b) the Issuer delivers to the Trustee a certificate from a nationally recognized firm of Independent certified public accountants expressing its opinion that the payments of principal and interest when due and without reinvestment of the deposited Defeasance Securities plus any deposited cash without investment will provide cash at such times and in such amounts (but not substantially more than such amounts) as will be sufficient to pay in respect of the 2025 Restructuring Bonds (i) principal on the Scheduled Maturity Date in accordance with the Expected Amortization Schedule therefor (or, if applicable, at the election of the Issuer, any earlier optional redemption date) or redemption price on the Scheduled Sinking Fund Redemption Date in accordance with the Expected Sinking Fund Schedule therefor (or, if applicable, at the election of the Issuer, any earlier optional redemption date), as applicable, and (ii) interest when due,

(c) if an election is made to redeem any such 2025 Restructuring Bonds prior to maturity, the Issuer irrevocably designates such 2025 Restructuring Bonds for redemption on the redemption date and proper notice of redemption has been made or provision satisfactory to the Trustee has been irrevocably made for the giving of such notice,

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto,

(e) in the case of an exercise of a Legal Defeasance with respect to the 2025 Restructuring Bonds, the Bond Issuer shall have delivered to the Bond Trustee an Opinion of Counsel stating that the Holders of such 2025 Restructuring Bonds will not recognize income, gain or loss for federal or New York income tax purposes as a result of such legal defeasance and will be subject to federal or New York income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred, and

(f) the Issuer delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the satisfaction and discharge of the 2025 Restructuring Bonds to the extent contemplated by the provisions governing defeasance contained in the Indenture have been complied with.

No Recourse to Others

No recourse may be taken, directly or indirectly, by the Holders with respect to the obligations of the Issuer or the Trustee on the 2025 Restructuring Bonds or under the Indenture or any certificates or other writing delivered in connection therewith, against (i) any trustee, director, officer, employee, agent or attorney of the Issuer or (ii) any shareholder, partner, owner, beneficiary, agent, officer, director or employee of the Trustee. Each Holder by accepting a 2025 Restructuring Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. These waivers and releases are part of the consideration for the issuance of the 2025 Restructuring Bonds.

Notwithstanding any provision of the Indenture or any supplemental bond indenture to the contrary, Holders and the Trustee shall have no recourse against the credit or any assets of the Authority, LIPA or the Issuer (other than in the case of the Issuer, the 2025 Collateral), with respect to any amounts due to the Holders under the Indenture and under the 2025 Restructuring Bonds and to the Trustee. Each Holder by accepting a 2025 Restructuring Bond, and the Trustee, specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. These waivers and releases are part of the consideration for issuance of the 2025 Restructuring Bonds.

THE SALE AGREEMENT

In addition to the description of certain provisions of the Sale Agreement contained elsewhere herein, the following is a brief summary of certain provisions of the Sale Agreement and does not purport to be comprehensive or definitive. All references herein to the Sale Agreement are qualified in their entirety by reference to the Sale Agreement for the detailed provisions thereof.

Sale of the 2025 Restructuring Property

In exchange for an amount equal to the net proceeds of the sale of the 2025 Restructuring Bonds, the Seller will irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer the 2025 Restructuring Property. The 2025 Restructuring Property will include the assignment of all revenues, collections, claims, payments, money or proceeds of or arising from the 2025 Restructuring Charges.

Under the Securitization Law, the sale of 2025 Restructuring Property will constitute an absolute transfer and true sale under state law, effective and perfected against all third parties, and will not be affected or impaired by, among other things, the occurrence of any of the following:

- the commingling of collections of 2025 Restructuring Charges with other accounts,
- the retention by the Seller of either of the following:
    - a partial or residual interest, including an equity interest, in the 2025 Restructuring Property, whether direct or indirect, or whether subordinate or otherwise,
    - the right to recover costs associated with taxes, payments in lieu of taxes, franchise fees, or license fees imposed on the collection of 2025 Restructuring Charges,
- any recourse that the Issuer may have against the Seller,
- any indemnification rights, obligations, or repurchase rights made or provided by the Seller,
- the obligation of the Seller to collect 2025 Restructuring Charges on behalf of the Issuer,
- the treatment of the sale, assignment, or transfer by the Seller to the Issuer for tax, financial reporting, or other purposes,
- any subsequent order of the Authority amending Financing Order No. 8 pursuant to the Securitization Law, or
- any application of the True-Up Adjustment mechanism under Financing Order No. 8.

Upon the issuance of Financing Order No. 8 and the transfer of the 2025 Restructuring Property, the transfer will be perfected as against the Authority, all parties having claims of any kind against the Authority, and all other transferees of the Authority, including subsequent judicial or other lien creditors.

Seller Representations and Warranties

In the Sale Agreement, the Seller will represent and warrant to the Issuer, as of the Issuance Date, to the effect, among other things, that:

- the Seller is duly organized and validly existing as a corporate municipal instrumentality, body corporate and politic and a political subdivision of the State of New York, in good standing under the laws of the State of New York, with the requisite power and authority to own its properties and conduct its business as currently owned or conducted, and has the requisite power and authority to own the 2025 Restructuring Property,
- the Seller is duly qualified to do business and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the Seller's business, operations, assets, revenues or properties),

- the Seller has the requisite power and authority to execute and deliver the Sale Agreement and to carry out its terms, and the execution, delivery and performance of the Sale Agreement have been duly authorized by all necessary action on the part of the Seller,
- the Sale Agreement constitutes a legal, valid and binding obligation of the Seller, enforceable against it in accordance with its terms, subject to customary exceptions relating to bankruptcy, creditor's rights and equitable principles,
- the sale of the 2025 Restructuring Property and the consummation of the transactions contemplated by the Securitization Law and the Sale Agreement and the fulfillment of the terms thereof do not (a) conflict with or result in a breach of any of the terms and provisions of nor constitute (with or without notice or lapse of time) a default under the Seller's organizational documents or any material indenture, agreement or other instrument to which the Seller is a party or by which it is bound, (b) result in the creation or imposition of any lien upon any of the Seller's properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be granted under the Basic Documents) or (c) violate any existing law or any existing order, rule or regulation applicable to the Seller of any government authority having jurisdiction over the Seller or its properties,
- no Proceeding or investigation is pending and, to the Seller's knowledge, no Proceeding or investigation is threatened, before any Governmental Authority having jurisdiction over the Seller or its properties involving or relating to the Seller or to the Issuer or, to the Seller's knowledge, any other Person:
    - asserting the invalidity of the Securitization Law, Financing Order No. 8, or the Sale Agreement,
    - seeking to prevent the consummation of any of the transactions contemplated by the Sale Agreement or any of the other Basic Documents,
    - seeking any determination or ruling that might materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, the Securitization Law, Financing Order No. 8, the 2025 Restructuring Bonds, the Sale Agreement or the other Basic Documents, or
    - seeking to adversely affect the federal income tax or state income tax classification of the 2025 Restructuring Bonds as debt,
- no approvals, authorizations, consents, orders or other actions of, or filings with, any Governmental Authority are required for the Seller to execute, deliver, perform and fulfill its obligations under the Sale Agreement except those which have been obtained, waived or made and are in full force and effect, and
- no portion of the 2025 Restructuring Property has been sold, transferred, assigned or pledged by the Seller to any Person other than the Issuer. Upon the sale, the Seller has transferred, sold and conveyed the 2025 Restructuring Property to the Issuer, free and clear of all Liens, except for any Lien that may be granted under the Basic Documents.

The Seller will not be in breach of any representation or warranty as a result of any change in law by means of any legislative enactment, constitutional amendment or otherwise that renders any of the representations or warranties untrue.

Covenants of the Seller

In the Sale Agreement, the Seller makes the following covenants:

- Subject to its right to assign its rights and obligations to a successor utility under the Sale Agreement, so long as any of the 2025 Restructuring Bonds are outstanding, the Seller will (a) keep in full force and effect its existence, rights and franchises as a corporate municipal instrumentality, body corporate and politic and a political subdivision of the State of New York, and (b) obtain and preserve its qualification to do business, in each case to the extent that in each such jurisdiction such existence or qualification is or shall be necessary to protect the validity and enforceability of the Sale Agreement, the other Basic Documents to which the Seller is a party and each other instrument or agreement to which the Seller is a party necessary or appropriate to the proper administration of the Sale Agreement and the transactions contemplated thereby.

- Except for the conveyances under the Sale Agreement or the Back-Up Security Interest, the Seller will not sell, pledge, assign or transfer, or grant, create or incur any Lien on, any of the 2025 Restructuring Property, or any interest therein, and the Seller will defend the right, title and interest of the Issuer and of the Trustee, in, to and under the 2025 Restructuring Property against all claims of third parties claiming through or under the Seller. The Seller also covenants that, in its capacity as Seller as defined in the Sale Agreement, it will not at any time assert any Lien against, or with respect to, any of the 2025 Restructuring Property.
- If the Seller receives any payments in respect of the 2025 Restructuring Charges or the proceeds thereof when it is acting as the Servicer, the Seller agrees to pay all those payments to the Servicer as soon as practicable after receipt thereof.
- The Seller will notify the Issuer and the Trustee promptly after becoming aware of any Lien on any of the 2025 Restructuring Property, other than the conveyances under the Sale Agreement, or any Lien under the Basic Documents or for the benefit of Issuer.
- The Seller agrees to comply with its organizational and governing documents and all laws, treaties, rules, regulations and determinations of any governmental instrumentality applicable to it, except to the extent that failure to so comply would not materially adversely affect the Issuer's or the Trustee's interests in the 2025 Restructuring Property or under any of the other Basic Documents to which the Seller is a party or the Seller's performance of its obligations under the Sale Agreement or under any of the Basic Documents to which the Seller is a party.
- So long as any of the 2025 Restructuring Bonds are outstanding, the Seller will:
    - treat the 2025 Restructuring Bonds as debt of the Issuer and not the Seller, except for financial, accounting or tax reporting purposes,
    - indicate in its financial statements that it is not the owner of the 2025 Restructuring Property and will disclose the effects of all transactions between the Seller and the Issuer in accordance with generally accepted accounting principles, and
    - not own or purchase any 2025 Restructuring Bonds.
- The Seller agrees that, upon the transfer and sale by the Seller of the 2025 Restructuring Property to the Issuer pursuant to the Sale Agreement:
    - to the fullest extent permitted by law, including any applicable Seller regulations, the Issuer will have all of the rights originally held by the Seller with respect to the 2025 Restructuring Property, including the right (subject to the terms of the Servicing Agreement) to exercise any and all rights and remedies to collect any amounts payable by any Customer in respect of the 2025 Restructuring Property, notwithstanding any objection or direction to the contrary by the Seller, and
    - any payment by any Customer to the Issuer will discharge that Customer's obligations, if any, in respect of the 2025 Restructuring Property to the extent of that payment, notwithstanding any objection or direction to the contrary by the Seller.
- So long as any of the 2025 Restructuring Bonds are outstanding, the Seller will not:
    - make any statement or reference in respect of the 2025 Restructuring Property that is inconsistent with the ownership thereof by the Issuer (other than for financial, accounting or tax reporting purposes), and
    - take any action in respect of the 2025 Restructuring Property except as otherwise contemplated by the Basic Documents.
- The Seller will execute and file the filings required by law to fully preserve, maintain, protect the ownership interest of the Issuer, and the Trustee's lien on the 2025 Restructuring Property and the Back-Up Security Interest, including all filings required under the Securitization Law and the UCC relating to the transfer of the ownership interest in the 2025 Restructuring Property by the Seller to the Issuer, the granting of the security interest in the 2025 Restructuring Property by the Issuer to the Trustee, and the Back-Up Security Interest, and the continued perfection of such ownership interest, security interest and

the Back-Up Security Interest. The Seller will deliver or cause to be delivered to the Trustee (with copies to the Issuer) file-stamped copies of, or filing receipts for any document so filed, as soon as available following such filing. The Seller has agreed to institute any action or Proceeding necessary to compel performance by the Authority or the State of New York of any of their obligations or duties under the Securitization Law or Financing Order No. 8. The Seller also will take those legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar Proceedings, in each case, as may be reasonably necessary (i) to protect the Issuer, the Holders and the Trustee or their respective affiliates, officials, directors, employees and agents from claims, state actions or other actions or Proceedings of third parties which, if successfully pursued, would result in a breach of any representation of the Authority in the Sale Agreement or (ii) to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law, Financing Order No. 8, the Issuance Advice Letter, any other adjustment notice or the rights of Holders by executive action, legislative enactment or constitutional amendment that would be adverse to the Issuer, the Trustee or the Holders.

- Even if the Sale Agreement or the Indenture is terminated, the Seller will not, prior to the date which is one year and one day after the termination of the Indenture, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer, or ordering the winding up or liquidation of the affairs of the Issuer.

- So long as any of the 2025 Restructuring Bonds are outstanding, the Seller shall, and shall cause each of its subsidiaries to, pay all material taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the 2025 Restructuring Property unless such tax is being contested and properly reserved.

- So long as any of the 2025 Restructuring Bonds are outstanding, the Seller shall not sell any restructuring property to secure another issuance of restructuring bonds if it would cause the then existing ratings on the 2025 Restructuring Bonds from the Rating Agencies to be downgraded, withdrawn or suspended.

- The Seller covenants that it shall comply with the tax certificates to be executed and delivered by it in connection with the issuance of the 2025 Restructuring Bonds and with letters of instruction, if any, delivered by Bond Counsel in connection with the issuance of the 2025 Restructuring Bonds, as such tax certificates and letters may be amended from time to time.

Indemnification

The Seller will indemnify the Issuer, its trustees, officers, employees and agents, the Holders and the Trustee for, and defend and hold harmless each such Person from and against, (i) any and all taxes (other than taxes imposed on the Holders solely as a result of their ownership of 2025 Restructuring Bonds) that may at any time be imposed on or asserted against any such Person under existing law as of the Issuance Date as a result of the sale of 2025 Restructuring Property to the Issuer, and (ii) any and all taxes that may be imposed on or asserted against any such Person under existing law as of the Issuance Date as a result of the issuance and sale by the Issuer of the 2025 Restructuring Bonds or the other transactions contemplated by the Sale Agreement, in each case including any sales, gross receipts, general corporation, tangible personal property, privilege or license taxes; provided, however, that the Holders shall be entitled to enforce their rights against the Seller under this indemnification solely through a cause of action brought for their benefit by the Trustee.

In addition, the Seller shall indemnify and hold harmless the Issuer, the Holders, the Trustee and any of the Trustee's affiliates, officials, officers, directors, employees and agents, against any and all Losses incurred by any of such Persons as a result of (i) the Seller's willful misconduct or negligence in the performance of its duties or observance of its covenants under the Sale Agreement or (ii) the Seller's breach in any material respect of any of its representations and warranties contained in the Sale Agreement, except in the case of both clauses (i) and (ii) to the extent of Losses either resulting from the willful misconduct or negligence of such party or resulting from a breach of a representation or warranty made by such party in any of the Basic Documents that gives rise to the Seller's breach;

provided, however, that the Holders shall be entitled to enforce their rights under this indemnification against the Seller solely through a cause of action brought for their benefit by the Trustee. The Seller shall not be required to indemnify any person otherwise indemnified under the Sale Agreement for any amount paid or payable by such person in the settlement of any action, proceeding or investigation without the prior written consent of the Seller, which consent shall not be unreasonably withheld.

Successors to the Seller

Any Person which becomes successor by merger, conversion, or consolidation or by otherwise succeeding to all of the assets and properties of the Seller substantially as a whole, may assume the rights and obligations of the Seller under the Sale Agreement. So long as the conditions of any such assumption are met, the Seller will automatically be released from its obligations under the Sale Agreement. The conditions include that:

- the Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Seller under the Sale Agreement,
- if the Seller is the Servicer, no Servicer Default, and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing,
- Officer's Certificates and Opinions of Counsel specified in the Sale Agreement will have been delivered to the Issuer and the Trustee, and
- the Rating Agencies specified in the Sale Agreement will have received prior written notice of the transaction.

Amendment

The Sale Agreement may be amended by the Seller and the Issuer with ten Business Days' prior written notice given to the Rating Agencies, the prior written consent of the Trustee, and if any amendment would adversely affect in any material respect the interests of any Holder, the prior written consent of a majority of the Outstanding Amount of the 2025 Restructuring Bonds affected thereby.

THE SERVICING AGREEMENT

In addition to the description of certain provisions of the Servicing Agreement contained elsewhere herein, the following is a brief summary of certain provisions of the Servicing Agreement and does not purport to be comprehensive or definitive. All references herein to the Servicing Agreement are qualified in their entirety by reference to the Servicing Agreement for the detailed provisions thereof.

General

Pursuant to the Servicing Agreement, the Servicer is required, among other things, to collect the 2025 Restructuring Charges for the benefit and account of the Holders, to make the periodic True-Up Adjustments of the 2025 Restructuring Charges required or allowed by Financing Order No. 8, and to account for and remit the 2025 Restructuring Charges to or for the account of the Trustee in accordance with the remittance procedures contained in the Servicing Agreement without any charge, deduction or surcharge of any kind (other than the Servicing Fee specified in the Servicing Agreement). Under the terms of the Servicing Agreement, if the Servicer or any Successor Servicer fails to perform its servicing obligations in any material respect, the Trustee may, or shall, upon the written instruction of the Authority (acting on behalf of Customers) or the Holders of a majority of Outstanding Amount of the 2025 Restructuring Bonds, may terminate the rights and obligations of the Servicer under the Servicing Agreement. Upon the termination of the Servicer, the Authority shall appoint, subject to the consent of Holders of a majority of the Outstanding Amount of the 2025 Restructuring Bonds, a Successor Servicer to perform the obligations of the Servicer under the Servicing Agreement. The rights of the Issuer under the Servicing Agreement will be included in the collateral pledged to the Issuer under the Indenture, and these rights will be included in the Collateral.

The obligations to continue to collect and account for 2025 Restructuring Charges will be binding upon the Servicer and any other entity that provides transmission and distribution electric services or, in the event that transmission and distribution electric services are not provided by a single entity, any other entity providing electric distribution services to the Customers.

Servicing Procedures

The Servicer, as agent for the Issuer, will manage, service and administer, and bill and collect payments in respect of the 2025 Restructuring Charge according to the terms of the Servicing Agreement. The Servicer's duties will include: (i) obtaining meter reads calculating electricity usage, billing the 2025 Restructuring Charges and collecting the 2025 Restructuring Charges from Customers and third parties, as applicable, (ii) responding to inquiries of Customers, the Authority, third-party entities who bill and collect the charge, or any Governmental Authority regarding the 2025 Restructuring Charge, (iii) delivering bills to Customers and third parties, accounting for Charge Collections, investigating and handling delinquencies, processing and depositing collections and making periodic remittances, (iv) furnishing periodic reports and statements to the Issuer, the Authority, the Rating Agencies and to the Trustee, (v) selling, as agent for the Issuer, as its interests may appear, defaulted or written off accounts, and (vi) taking all necessary action in connection with True-Up Adjustments as set forth in the Servicing Agreement.

The Servicer is required to notify the Issuer, the Authority, the Trustee and the Rating Agencies in writing of any laws or regulations promulgated after the execution of the Servicing Agreement that have a material adverse effect on the Servicer's ability to perform its duties under the Servicing Agreement.

In addition, upon the reasonable request of the Issuer, the Authority, the Administrator, the Trustee or any Rating Agency, the Servicer will provide to the Issuer, the Authority, the Administrator, the Trustee or the Rating Agency, public financial information about the Servicer or any material information about the 2025 Restructuring Property that is reasonably available, as may be reasonably necessary and permitted by law to enable the Issuer, the Authority, the Administrator, the Trustee or the Rating Agency to monitor the Servicer's performance, and, so long as any 2025 Restructuring Bonds are outstanding, within a reasonable time after written request thereof, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the 2025 Restructuring Charges.

Servicing Standards and Covenants

The Servicing Agreement requires the Servicer to, on behalf of the Issuer (i) manage, service, administer and make collections in respect of the 2025 Restructuring Property with reasonable care in material compliance with applicable law, including all regulations applicable to the Authority, using the same degree of care and diligence that the Servicer exercises with respect to billing and collection activities that the Servicer conducts for itself and others, (ii) follow customary standards, policies and procedures in performing its duties as Servicer that are customary in the electric distribution industry, (iii) use all reasonable efforts, consistent with its customary servicing procedures, to enforce and maintain the Issuer's and the Trustee's rights in respect of the 2025 Restructuring Property, (iv) calculate 2025 Restructuring Charges in compliance with the Securitization Law and Financing Order No. 8, and (v) invoice Customers in accordance with the procedures set forth in the Servicing Agreement. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of the 2025 Restructuring Property, which, in the Servicer's judgment, may include the taking of legal action pursuant to the Servicing Agreement or otherwise. The Servicer will not change such customary and usual practices and procedures in any manner that would materially and adversely affect the Issuer's or the Trustee's interest in the 2025 Restructuring Property unless the Servicer provides the Rating Agencies with prior written notice.

The Servicer is responsible for instituting and maintaining any action or proceeding necessary to compel performance by the Authority or the State of New York of any of their obligations or duties under the Securitization Law or Financing Order No. 8 with respect to the 2025 Restructuring Property, and the Servicer agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law or Financing Order No. 8, as the case may be, or the rights of holders of 2025 Restructuring Property that would be adverse to Holders. The Servicing Agreement also designates the Servicer as the servicing agent and custodian for the Issuer with respect to the 2025 Restructuring Property Documentation.

True-Up Adjustment Process

Among other things, the Servicing Agreement requires the Servicer to calculate and implement the True-Up Adjustments to the 2025 Restructuring Charges. These adjustments are to be based on actual Charge Collections and updated assumptions by the Servicer as to projected future Charge Collections, projected uncollectibles and loss in collection of billed charges, and future payments and expenses relating to the 2025 Restructuring Property and the 2025 Restructuring Bonds. See "THE FINANCING ORDER–True-Up Adjustment Mechanism."

Servicing Compensation

The Issuer will pay the Servicer a Servicing Fee in exchange for all obligations to be performed by the Servicer under the Servicing Agreement. The annual Servicing Fee for the 2025 Restructuring Bonds payable to LIPA, as the initial Servicer or any Successor Servicer that is affiliated with the owner of the T&D System Assets or performing similar services for the owner of the T&D System Assets, while it is acting as Servicer shall be 0.05% of the aggregate initial principal amount of the 2025 Restructuring Bonds. The annual Servicing Fee for any Successor Servicer that is not affiliated with the owner of the T&D System Assets or not performing similar services for the owner of the T&D System Assets shall be an amount agreed upon by the Issuer and the Successor Servicer, provided that any amount in excess of 0.60% of the initial aggregate principal amount of the 2025 Restructuring Bonds shall be approved by the Authority and the Trustee, and provided, further, that if the Authority fails to approve or disapprove any such Servicing Fee within 30 days following its receipt of a written request to approve the same, the Authority shall be deemed to have approved such Servicing Fee. The Issuer shall also pay all expenses incurred by the Servicer in connection with its activities under the Servicing Agreement (including any fees to and disbursements by accountants, counsel or any other Person, any taxes or payments in lieu of taxes imposed on the Servicer (other than taxes based on the Servicer's net income) and any expenses incurred in connection with reports to Holders, subject to the priorities set forth in the Indenture).

Servicer Representations and Warranties

In the Servicing Agreement, the Servicer will represent and warrant, as of the Issuance Date, among other things, that:

- the Servicer is a corporation, duly organized and is in good standing in the state of its organization, with the requisite corporate or other power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted by it, and has, the requisite corporate power and authority to service the 2025 Restructuring Property and hold the 2025 Restructuring Property and the 2025 Restructuring Property Documentation as custodian,
- the Servicer is duly qualified to do business and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the 2025 Restructuring Property as required by the Servicing Agreement) shall require such qualifications, licenses or approvals (except where the failure to qualify or to obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the Servicer's business, operations, assets, revenues or adversely affect the servicing of the 2025 Restructuring Property),
- the Servicer has the requisite corporate power and authority to execute and deliver the Servicing Agreement and carry out the terms of the Servicing Agreement; and the execution, delivery and performance of the terms of the Servicing Agreement have been duly authorized by all necessary corporate action on the part of the Servicer,
- the Servicing Agreement constitutes a legal, valid and binding obligation of the Servicer, enforceable against it in accordance with its terms, subject to applicable insolvency, bankruptcy, receivership, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law,
- the consummation of the transactions contemplated by the Servicing Agreement and the fulfillment of the terms thereof do not conflict with, or result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under the organizational documents of the Servicer or any material indenture or other agreement or instrument to which the Servicer is a party or by which it is bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument; nor violate any existing law or any existing order, rule or regulation applicable to the Servicer of any federal or state court or regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties,
- no approval, authorization, consent, order or other action of, or filing with, any federal or state court or regulatory body, administrative agency or other governmental instrumentality is required in connection

with the execution and delivery by the Servicer of the Servicing Agreement, the performance by the Servicer of the transactions contemplated thereby or the fulfillment by the Servicer of the terms thereof, except those that have been obtained or made and those that the Servicer is required to make in the future,

- there are no Proceedings pending or, to the Servicer's knowledge, threatened, and no investigations pending or threatened, before any federal or state court or regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties involving or relating to the Servicer or, to the Servicer's knowledge, any other Person: (i) asserting the invalidity of the Servicing Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by the Servicing Agreement, or (iii) seeking any determination or ruling that might materially adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, the Servicing Agreement, and
- each report and certificate delivered in connection with the Issuance Advice Letter or delivered in connection with any filing made to the Authority by the Servicer with respect to the 2025 Restructuring Charges or True-Up Adjustments will constitute a representation and warranty by the Servicer that each such report and certificate, as the case may be, is true and correct in all material respects; but to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the Servicer on the date such report or certificate is delivered).

Certificates by Servicer

Monthly Servicer Certificates. On or before the 13th Business Day of each calendar month commencing with January 2026, the Servicer will deliver to the Allocation Agent, the Issuer, the Authority, each Rating Agency and the Trustee a monthly certificate in substantially the form provided in the Servicing Agreement (the "Monthly Servicer Certificate"), stating the amount of 2025 Restructuring Charges deposited into the Allocation Account during the preceding calendar month, the estimated amount of Charge Collections transferred to the Collection Account during the preceding calendar month, the amount of any transfers or reductions in respect of Excess Remittances or the Remittance Shortfalls occurring during the preceding calendar month, and the amount of any transfers or reductions in respect of Excess Remittances or Remittance Shortfalls required to occur on any Remittance Date during the current month pursuant to the Servicing Agreement.

Semi-annual Servicer Certificates. At least one Business Day before each Payment Date, the Servicer shall provide to the Issuer, the Trustee, each Rating Agency and the Authority, a certificate in substantially the form in the Servicing Agreement (the "Semi-annual Servicer Certificate") indicating:

1. the amount to be paid to the Holders of each tranche in respect of principal on such Payment Date in accordance with the Indenture,
2. the amount to be paid to the Holders of each tranche in respect of interest on such Payment Date in accordance with the Indenture,
3. the projected bond balance and the bond balance for each tranche as of that Payment Date (after giving effect to the payments on such Payment Date),
4. the amounts on deposit in the Reserve Subaccount (including the Operating Reserve Subaccount and the Debt Service Reserve Subaccount) as of that Payment Date (after giving effect to the transfers to be made from or into the Reserve Subaccount on such Payment Date),
5. the amounts, if any, on deposit in the Excess Funds Subaccount as of that Payment Date (after giving effect to the transfers to be made from or into the Excess Funds Subaccount on such Payment Date),
6. the amounts paid to the Trustee since the preceding Payment Date pursuant to the Indenture,
7. the amounts paid to the Servicer since the preceding Payment Date pursuant to the Indenture, and
8. the amount of any other transfers and payments to be made on such Payment Date pursuant to the Indenture.

Annual Certificates. The Servicer shall provide the annual compliance certificate required by the Servicing Agreement in substantially the form provided in the Servicing Agreement (the "Servicer Compliance Certificate").

Servicer Will Indemnify Issuer in Limited Circumstances

The Servicer will indemnify the Issuer and the Trustee (for itself and for on behalf of the Bondholders) and each of their respective trustees, members, managers, officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all Losses arising as a result of:

- the Servicer's willful misconduct or negligence in the performance of its duties or observance of its covenants under the Servicing Agreement or the Servicer's reckless disregard of its obligations and duties under the Servicing Agreement,
- the Servicer's breach of any of its representations or warranties under the Servicing Agreement, and
- litigation and related expenses relating to its status and obligations as Servicer.

The Servicer will not be liable, however, for any Losses resulting from the willful misconduct or gross negligence of the party seeking indemnification, or resulting from a breach of a representation or warranty made by any such person in any of the Basic Documents that give rise to the Servicer's breach.

Except to the extent expressly provided for in the Basic Documents (including the Servicer's claims with respect to the Servicing Fees), the Servicing Agreement provides that the Servicer releases and discharges the Issuer (including its trustees, officers, employees and agents, if any), and the Trustee (including its respective officers, directors and agents) from any and all actions, claims and demands which the Servicer may have against those parties relating to the 2025 Restructuring Property or the Servicer's activities with respect to the 2025 Restructuring Property, other than actions, claims and demands arising from the willful misconduct, bad faith or gross negligence of the parties.

The Servicing Agreement further provides that the Servicer will not be liable to the Issuer or to the Trustee, except as provided under the Servicing Agreement, for taking any action or for refraining from taking any action under the Servicing Agreement or for errors in judgment. However, the Servicer will not be protected against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or negligence in the performance of its duties or by reason of reckless disregard of obligations and duties under the Servicing Agreement. The Servicer and any of its directors, officers, employees or agents may rely in good faith on the advice of counsel reasonably acceptable to the Trustee or on any document submitted by any person respecting any matters under the Servicing Agreement. In addition, the Servicing Agreement provides that the Servicer is under no obligation to appear in, prosecute, or defend any legal action incidental to its duties to service the 2025 Restructuring Property in accordance with the Servicing Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability, except as provided in the Servicing Agreement.

Matters Regarding Servicer

The Servicing Agreement provides that LIPA may not resign from its obligations and duties as Servicer thereunder, except upon a determination that LIPA's performance of its duties under the Servicing Agreement is no longer permissible under applicable law. No resignation by LIPA as Servicer will become effective until a Successor Servicer has assumed LIPA's servicing obligations and duties under the Servicing Agreement.

Under the circumstances specified in the Servicing Agreement, any Person which becomes the successor by merger, sale, transfer, lease, management contract or otherwise to all or substantially all of the T&D Systems Assets may assume all of the rights and obligations of the Servicer under the Servicing Agreement. The following are conditions to the transfer of the duties and obligations to a Successor Servicer:

- the successor to the Servicer must execute an agreement of assumption to perform every obligation of the Servicer under the Servicing Agreement,
- immediately after the transfer, no representation or warranty made by the Servicer in the Servicing Agreement will have been breached and no Servicer default or event which after notice of, lapse of time or both, would become a Servicer default, has occurred and is continuing,

- the Servicer has delivered to the Issuer and to the Trustee an Officer's Certificate stating that the transfer complies with the Servicing Agreement and all conditions to the transfer under the Servicing Agreement have been complied with,
- the Servicer has delivered to the Issuer and to the Trustee an Opinion of Counsel stating either that all necessary filings to preserve, perfect and maintain the priority of the Issuer's interests in and the Trustee's lien on the 2025 Restructuring Property, have been made or that no filings are required to preserve and protect such interests,
- the Servicer has given prior written notice to the Rating Agencies, and
- the Servicer has delivered to the Issuer, the Trustee and the Authority an opinion of independent tax counsel to the effect that, for federal income tax purposes, such transaction will not result in a material federal income tax consequence to the Issuer, the Trustee, or the then existing Holders.

So long as the conditions of any such assumptions are met, then the prior Servicer will automatically be released from its obligations under the Servicing Agreement.

The Servicing Agreement permits the Servicer to contract with a subservicer to perform all or any portion of its obligations. However, the contract must satisfy the Rating Agency Condition and the Servicer must remain obligated and liable to the Issuer, the Trustee and the Bondholders for the servicing and administering of the 2025 Restructuring Property in accordance with the Servicing Agreement. The Servicing Agreement provides that the OSA, as amended from time to time, is deemed to satisfy the Rating Agency Condition.

Annual Accountant's Report

The Servicer shall cause a firm of Independent registered public accountants (which may provide other services to the Servicer or its affiliates) to prepare annually, and the Servicer shall deliver annually to the Issuer, the Trustee, the Rating Agencies and the Authority on or before March 31 of each year, commencing with 2026 to and including the March 31st succeeding the Final Maturity Date of the 2025 Restructuring Bonds, a report addressed to the Servicer (the "Annual Accountant's Report"), to the effect that such firm has performed certain procedures, agreed between the Servicer and such accountants, in connection with the Servicer's compliance with its obligations under the Servicing Agreement during the preceding twelve months ended December 31 (or, in the case of the first Annual Accountant's Report to be delivered on or before March 31, 2026, the period of time from the date of the Servicing Agreement until December 31, 2025), identifying the results of such procedures and including any exceptions noted. In the event such accounting firm requires the Trustee or the Issuer to agree or consent to the procedures performed by such firm, the Issuer shall direct the Trustee in writing to so agree; it being understood and agreed that the Trustee will deliver such letter of agreement or consent in conclusive reliance upon the direction of the Issuer, and the Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

The Annual Accountant's Report shall also indicate that the accounting firm providing such report is independent of the Servicer in accordance with the New York Public Authorities Law or the Code of Professional Ethics of the American Institute of Certified Public Accountants, as then in effect.

Servicer Defaults and Remedies

If any one or more of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by the Servicer to cause payments by or on behalf of Customers received by the Servicer from 2025 Restructuring Charges to be deposited into the Allocation Account as provided in the Servicing Agreement or any failure to cause the Allocation Agent to transfer to the Trustee any required remittance and cause other amounts received from 2025 Collateral to be deposited to the Collection Account pursuant to the Servicer Agreement that shall continue unremedied for a period of 5 Business Days after written notice of such failure is received by the Servicer from the Issuer or the Trustee,

(b) any failure on the part of the Servicer duly to observe or to perform in any material respect any covenants or agreements of the Servicer set forth in the Servicing Agreement, which failure (i) materially and adversely affects the 2025 Restructuring Property or the rights of the Holders and (ii) continues unremedied for a period of 60 days after the date on which (A) written notice of such

failure shall have been given to the Servicer by the Issuer, the Authority, the Allocation Agent, the Administrator, or the Trustee, or (B) after discovery of such failure by an officer of the Servicer,

(c) any representation or warranty made by the Servicer in the Servicing Agreement proves to have been incorrect when made, which has a material adverse effect on the Issuer or the Holders and which material adverse effect continues unremedied for a period of 60 days after the date on which (A) written notice thereof shall have been delivered to the Servicer by the Issuer, or the Authority, or the Trustee, or (B) after discovery of such failure by an officer of the Servicer, as the case may be, or

(d) an Insolvency Event occurs with respect to the Servicer;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, either the Trustee may, or shall upon the instruction of the Authority (acting on behalf of Customers) or the Holders of a majority of the outstanding principal amount of the 2025 Restructuring Bonds, by notice then given in writing to the Servicer (and to the Trustee if given by the Holders) (a "Termination Notice"), may terminate all the rights and obligations (other than the indemnity obligations and the obligation to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under the Servicing Agreement. In addition, upon a Servicer Default, any interested person shall be entitled to apply to any court in New York for sequestration and payment of revenues arising with respect to the 2025 Restructuring Property. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under the Servicing Agreement, whether with respect to the 2025 Restructuring Property, the 2025 Restructuring Charge, or otherwise, shall, upon appointment of a Successor Servicer pursuant to the Servicing Agreement, without further action, pass to and be vested in such Successor Servicer; and, without limitation, the Trustee is thereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the 2025 Restructuring Property Documentation and related documents, or otherwise. The predecessor Servicer shall cooperate with the Successor Servicer, the Issuer, the Allocation Agent and the Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under the Servicing Agreement, including the transfer to the Successor Servicer for administration by it of all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the 2025 Restructuring Property or the 2025 Restructuring Charge. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the 2025 Restructuring Property Documentation to the Successor Servicer. All reasonable costs and expenses (including attorneys' fees and expenses) incurred in connection with transferring the 2025 Restructuring Property Documentation to the Successor Servicer and amending the Servicing Agreement to reflect such succession as Servicer pursuant to the Servicing Agreement shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses.

Successor Servicer. Upon the Servicer's receipt of a Termination Notice or the Servicer's resignation or removal in accordance with the terms of the Servicing Agreement, the predecessor Servicer shall continue to perform its functions as Servicer and shall be entitled to receive the requisite portion of the Servicing Fee and reimbursement of expenses, until a Successor Servicer shall have assumed in writing the obligations of the Servicer. In the event of the Servicer's removal or resignation, and upon application of the Trustee, the Authority will appoint a Successor Servicer. Any appointment of a Successor Servicer requires the consent of the Holders of a majority of the outstanding principal amount of the 2025 Restructuring Bonds, and the Successor Servicer shall accept its appointment by a written assumption in a form reasonably acceptable to the Issuer and the Trustee. If within 30 days after the delivery of the Termination Notice, a new Servicer has not been appointed and accepted such appointment, the Trustee may petition the Authority or a court of competent jurisdiction to appoint a Successor Servicer. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Securitization Law, the regulations of the Authority, Financing Order No. 8 and the Servicing Agreement to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied, and (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as the Servicing Agreement.

Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter relating thereto placed on the predecessor Servicer and shall be entitled to the Servicing Fee and all the rights granted to the predecessor Servicer by the Servicing Agreement.

The Successor Servicer may resign only if it is prohibited from serving as such by applicable law.

Waiver of Past Defaults. The Trustee, with the consent of the Authority and the Holders of the majority of the outstanding principal amount of the 2025 Restructuring Bonds, on behalf of all Holders, may waive in writing any default by the Servicer in the performance of its obligations except a default in making any required deposits to the Allocation Account in accordance with the Servicing Agreement. The Servicer is required to provide notice of any such waivers to each Rating Agency, promptly after its receipt thereof from the Trustee. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of the Servicing Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Authority, the Administrator, the Trustee, the Allocation Agent and the Rating Agencies, promptly after having obtained knowledge thereof, but in no event later than 5 Business Days thereafter, written notice in an Officer's Certificate of any event which with the giving of notice or lapse of time, or both, would become a Servicer Default under the Servicing Agreement.

Amendment to Servicing Agreement. The Servicing Agreement may be amended by the Servicer and the Issuer, with the consent of the Trustee and the satisfaction of the Rating Agency Condition. Promptly after the execution of any such amendment or consent, the Issuer shall furnish written notification of the substance of such amendment or consent to each of the Rating Agencies.

Prior to the execution of any amendment to the Servicing Agreement, the Issuer and the Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by the Servicing Agreement and the Opinion of Counsel referred to in the Servicing Agreement. The Issuer and the Trustee may, but shall not be obligated to, enter into any such amendment which affects their own rights, duties or immunities under the Servicing Agreement or otherwise.

To amend or modify the Servicing Agreement, the following conditions must be met:

(a) At least fifteen days prior to the effectiveness of any such amendment or modification and after obtaining the other necessary approvals described above (except that the consent of the Trustee may be subject to the consent of the Holders if such consent is required or sought by the Trustee in connection with such amendment or modification), the Servicer shall have delivered to the Authority written notification of any proposed amendment, which notification shall contain (i) a reference to the applicable Financing Order, (ii) an officer's certificate stating that the proposed amendment or modification has been approved by all parties to the Servicing Agreement, and (iii) a statement identifying the person to whom the Authority or its staff is to address any response to the proposed amendment or to request additional time,

(b) If the Authority or its staff, within fifteen days (subject to extension as provided in clause (c) below) of receiving a notification complying with the necessary approvals as described above, delivers to the office of the person to whom responses are to be delivered a written statement that the Authority might object to the proposed amendment or modification, then such proposed amendment or modification shall not be effective unless and until the Authority subsequently delivers a written statement that it does not object to the proposed amendment or modification,

(c) If the Authority or its staff, within fifteen days of receiving a notification complying with the necessary approvals described above, delivers to the office of the person to whom responses are to be delivered a written statement requesting additional time (up to thirty days) in which to consider the proposed amendment or modification, then such proposed amendment or modification shall not be effective if, within the extended period, the Authority delivers to the office of the person to whom responses are to be delivered a written statement that it might object to the proposed amendment or modification, unless and until the Authority subsequently delivers a written statement that it does not object to such proposed amendment or modification,

(d) If the Authority or its staff has not delivered written notice that the Authority might object to the proposed amendment or modification within the relevant time period described above, then the Authority shall be deemed not to have any objection and such amendment or modification may become effective upon satisfaction of the other conditions specified above, and

(e) Following the delivery of a notice to the Authority by the Servicer under clause (b) above, the Servicer and the Issuer shall have the right at any time to withdraw any proposed amendment from consideration.

The Servicer may, with the prior written consent of the Authority, amend the billing procedures in Annex 2 to the Servicing Agreement in writing with prior written notice given to the Trustee, the Issuer and the Rating Agencies, but without the consent of the Trustee, the Issuer, any Rating Agency or any Holder, solely to address changes to the Servicer's method of calculating the 2025 Restructuring Charges as a result of changes to the Servicer's (or its subservicer's) current computerized customer information system, including changes which would replace the remittances contemplated by the estimation procedures set forth in Annex 2 with remittances of Charge Collections determined to have been actually received; provided that any such amendment shall not have a material adverse effect on the Holders.

The Servicer shall promptly provide each of the Rating Agencies and the Authority with a copy of any amendment to the Servicing Agreement.

Cooperation with Successor. The Servicer will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations under the Servicing Agreement.

ADMINISTRATION AGREEMENT

In addition to the description of certain provisions of the Administration Agreement contained elsewhere herein, the following is a brief summary of certain provisions of the Administration Agreement and does not purport to be comprehensive or definitive. All references herein to the Administration Agreement are qualified in their entirety by reference to the Administration Agreement for the detailed provisions thereof.

Duties of the Administrator

To the extent not required to be performed by the Servicer, the Administrator shall perform the Issuer's obligations under each of the Basic Documents and shall prepare or cause any and all documents, reports, filings, instruments, notices, certificates and opinions to be prepared on behalf of the Issuer. These obligations include:

(a) confirmation that any non-responding Rating Agency has received the Rating Agency Condition request and request the related Rating Agency Condition confirmation,

(b) the preparation of or obtaining of the documents required for the authentication of the 2025 Restructuring Bonds and delivery of the same to the Trustee and such other actions on behalf of the Issuer as are necessary for the issuance and delivery of the 2025 Restructuring Bonds,

(c) causing a Bond Register to be kept and to give the Trustee notice of any changes to the Bond Register,

(d) the fixing of any special record date and the notification of Holders of any special record dates, Payment Dates and the amount of defaulted interest to be paid, if any,

(e) advising the Trustee of an election to terminate the book-entry system through a Clearing Agency with respect to the 2025 Restructuring Bonds,

(f) maintenance of an office or agency in the Borough of Manhattan, the City of New York, New York where 2025 Restructuring Bonds may be surrendered for registration of transfer or exchange, which may be the Trustee,

(g) causing any newly appointed Paying Agents to deliver to the Trustee instruments regarding funds held in trust,

(h) directing the Paying Agents to pay to the Trustee all sums held in trust by such Paying Agents,

(i) preparing all supplements and amendments to the Indenture, filings pursuant to the Securitization Law or Financing Order No. 8, instruments of further assurance and other instruments, in accordance with the Indenture, necessary to protect the 2025 Collateral,

(j) identifying to the Trustee in an Officer's Certificate any Person that the Issuer has contracted to perform its duties under the Indenture,

(k) delivering a notice to the Trustee and the Rating Agencies of each Event of Default under the Administration Agreement and each default by the Servicer or Seller of its obligations under the Servicing Agreement or the Sale Agreement, respectively,

(l) notifying the Trustee and the Authority of the appointment of any Successor Servicer,

(m) preparing and filing of all documents required under the Securitization Law relating to the transfer of the ownership or security interest in the 2025 Restructuring Property,

(n) preparing the Officer's Certificate and Independent Certificate relating to the satisfaction and discharge of the Indenture or a Legal Defeasance under the Indenture,

(o) sending a copy of each certificate of compliance delivered to it pursuant to the Servicing Agreement and Annual Accountant's Report delivered to it pursuant to the Servicing Agreement to the Trustee, the Holders and the Rating Agencies and to the Servicer,

(p) furnishing the Trustee with each Record Date and the names and addresses of Holders during any period when the Trustee is not the Registrar,

(q) the opening of one or more segregated trust accounts in the Trustee's name, the preparation of orders, and the obtaining of Opinions of Counsel and the taking of all other actions necessary with respect to investment and reinvestment of funds in the Collection Account including transfer of the Collection Account to an Eligible Institution if it ceases to be maintained at an Eligible Institution,

(r) preparing, obtaining or filing of the instruments, opinions and certificates and other documents required for the release of 2025 Collateral,

(s) appointing Independent registered public accountants for purposes of preparing and delivering the reports or certificates required by the Indenture and, upon any resignation by such firm, providing written notice thereof to the Trustee and promptly appointing a successor thereto that shall also be a firm of Independent registered public accountants,

(t) preparing the Issuer orders and the obtaining of Officer's Certificates with respect to the execution of supplemental bond indentures,

(u) the preparation of new 2025 Restructuring Bonds conforming to any supplemental bond indenture,

(v) in the case of any redemption of 2025 Restructuring Bonds at the direction of the Issuer, giving written notice to the Trustee of the Issuer's direction to redeem such 2025 Restructuring Bonds,

(w) notifying the Trustee of any notice received by the Issuer from the Holders, and

(x) interacting with the Allocation Agent with respect to Excess Remittances and Remittance Shortfalls.

The Administrator shall also furnish the Issuer with ordinary clerical, bookkeeping and other administrative services necessary and appropriate for the Issuer.

In addition to the duties of the Administrator described above, the Administrator shall undertake such other administrative services as may be appropriate, necessary or requested by the Issuer and provide such other services as are incidental to those set forth above or in this paragraph or as the Issuer and Administrator may agree. As part of its administrative services, the Administrator shall obtain and maintain a directors and officers insurance policy covering the trustees of the Issuer (which policy may cover the officers of the Issuer as well), and the Administrator shall pay the premiums therefor as a reimbursable expense under the Administration Agreement to the extent there are insufficient funds on deposit in the Collection Account to pay such premiums when due in accordance with the priorities specified in the Indenture. The Administrator shall not take any non-ministerial action unless the Administrator notifies the Issuer of the proposed action and the Issuer consents to such action.

Administrator Compensation

The Administration Agreement provides that the Administrator shall be entitled to an annual fee (the "Administration Fee") of $100,000 in equal semi-annual installments on each Payment Date.

The Issuer will also reimburse the Administrator for all filing fees and expenses, legal fees, fees of outside auditors and other out-of-pocket expenses incurred by the Administrator in the course of performing its duties

thereunder. The Administrator's compensation and other expenses payable thereunder shall be paid from the Collection Account in accordance with the Collection Account priorities as stated in the Indenture, and the Administrator shall have no recourse against the Issuer for payment of such amounts other than in accordance with the Collection Account priorities as stated in the Indenture.

Resignation and Removal of the Administrator

The Administrator may resign its duties thereunder by providing the Issuer with at least sixty days' prior written notice. The Issuer may remove the Administrator without cause by providing the Administrator with at least sixty days' written notice. At the sole option of the Issuer, the Administrator may be removed immediately upon written notice of termination from the Issuer to the Administrator if the Administrator is in default of the performance of its duties under the Administration Agreement and such default is not cured in accordance with the Administration Agreement, or is party to a voluntary or involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or appoints a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Administrator or any substantial part of its property or order the winding-up or liquidation of its affairs.

No resignation or removal of the Administrator shall be effective until a successor Administrator shall have been appointed by the Issuer and shall have agreed in writing to be bound by the terms of the Administration Agreement. The appointment of any successor Administrator shall be effective only after the satisfaction of the Rating Agency Condition with respect to the proposed appointment.

Promptly upon the effective date of its resignation or removal, the Administrator shall be entitled to be paid all fees accrued to it and expenses accrued by it in performance of its duties thereunder through the date of such resignation or removal and to the extent permitted under the Administration Agreement.

Amendment of the Administration Agreement

The Administration Agreement may be amended in writing by the Administrator and the Issuer with the written consent of the Trustee, but without the consent of any of the Holders, to cure any ambiguity, to correct or supplement any provisions in the Administration Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in the Administration Agreement or of modifying in any manner the rights of the Holders; provided, that such action shall not, as evidenced by an Officer's Certificate delivered to the Trustee, adversely affect in any material respect the interests of any Holder.

The Administration Agreement may also be amended in writing from time to time by the Administrator and the Issuer with the written consent of the Trustee and, subject to the paragraph directly above, the written consent of the Holders evidencing a majority of the Outstanding Amount of the 2025 Restructuring Bonds, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Administration Agreement or of modifying in any manner the rights of the Holders; provided, however, that no such amendment shall increase, reduce, accelerate or delay the timing of Charge Collections without the consent of the Holders of all the outstanding Bonds.

Indemnification by the Administrator

The Administrator shall indemnify the Issuer, the Trustee and their respective trustees, officers, officials, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, actions, suits, claims, losses, damages, payments, costs or expenses of any kind whatsoever that may be imposed on, incurred by or asserted against such Person as a result of the Administrator's willful misconduct or negligence in the performance of its duties or observance of its covenants arising out of the Agreement.

The indemnification obligations of the Administrator under the Administration Agreement shall survive the termination of the Administrator Agreement and the resignation or removal of the Trustee.

Administrator's Liability

Except as provided in the Administration Agreement, the Administrator does not assume any liability other than to render or stand ready to render the services called for in the Administration Agreement and neither the Administrator nor any of its directors, officers, employees, subsidiaries or affiliates shall be responsible for any action of the Issuer or any of the trustees, officers, employees, subsidiaries or affiliates of the Issuer (other than the Administrator itself).

AFFILIATIONS AND CERTAIN RELATIONSHIPS

Each of the Authority and LIPA may maintain banking relationships in the ordinary course with The Bank of New York Mellon. BofA Securities, Inc. is an affiliate of Bank of America, N.A. ("BANA"). BANA has extended credit to the Authority and LIPA in unrelated transactions. Nixon Peabody LLP, Bond Counsel, will give legal opinions as to the Issuer and the Authority. Nixon Peabody has represented, represents and expects to represent the Underwriters in matters unrelated to the 2025 Restructuring Bonds.

RISK FACTORS

Please carefully consider all the information included in this Official Statement, including the risks described below before deciding to invest in the 2025 Restructuring Bonds.

Servicing and Operating Risks

Repayment of the 2025 Restructuring Bonds Depends on Performance of LIPA and PSEG Long Island or any Successors

As Servicer, LIPA will be responsible for monitoring the 2025 Collateral, taking all necessary action in connection with True-Up Adjustments and certain reporting requirements. In its role as T&D System manager under the OSA, PSEG Long Island is responsible for performing a number of functions that are otherwise provided by the Servicer including, among other things, billing and collecting the 2025 Restructuring Charges from Customers, meter reading and forecasting. The Trustee's receipt of Charge Collections, which will be used to make payments on the 2025 Restructuring Bonds, will depend in part on the skill and diligence of PSEG Long Island and LIPA or any successors in performing these functions.

The base term of the OSA expires on December 31, 2025, which is prior to the Final Maturity Date of the 2025 Restructuring Bonds. In addition, the OSA is subject to early termination. On September 25, 2025, LIPA's Board of Trustees approved a five-year extension of the OSA, such extension being subject to approval by the New York State Attorney General and the Office of State Comptroller. Failure to execute the extension on a timely basis may lead to a delay in receipt of 2025 Restructuring Charges and, therefore, reduce remittance available to pay the principal of and interest on the 2025 Restructuring Bonds as the same become due and payable. See "SERVICER AND ADMINISTRATOR—The OSA," "—The LIPA Reform Act and the OSA" and "RECENT DEVELOPMENTS – 2024 OSA RFP and 2024 PSMFM RFP" in Appendix A for additional information related to the OSA extension.

If PSEG Long Island ceases to perform the billing and collection functions on behalf of the Servicer pursuant to the terms of the OSA, it might be difficult to find a replacement T&D System manager or a Successor Servicer. Also, any Successor Servicer (or T&D System manager performing servicing functions) might have less experience and ability than PSEG Long Island and might experience difficulties in collecting 2025 Restructuring Charges, in determining appropriate adjustments to the 2025 Restructuring Charges, and billing and/or payment arrangements may change, resulting in delays or disruptions of Charge Collections. A Successor Servicer might charge fees that, while permitted under Financing Order No. 8, are substantially higher than the fees paid to LIPA as the initial Servicer. In the event of the commencement of a case by or against the Servicer or PSEG Long Island under the United States Bankruptcy Code or similar laws, the Servicer and the Trustee might be prevented from effecting a transfer of servicing due to operation of the Bankruptcy Code. Any of these factors and others might delay the timing of payments and may reduce the value of the 2025 Restructuring Bonds.

If LIPA or any successor, or PSEG Long Island or any successor, fails to collect or remit sufficient Charge Collections for any reason, then the Servicer's payments to the Trustee in respect of the 2025 Restructuring Charges might be delayed or reduced. In that event, payments on the 2025 Restructuring Bonds might be delayed or reduced. In addition, the successor owner of all or substantially all, or part, of the T&D System Assets of the Authority serving its Customers may assume the role of Servicer, subject only to the satisfaction of the conditions set forth in the Servicing Agreement. These conditions do not include either Holder consent or, so long as the successor entity assumes the ownership of all of the distribution system business assets of the Authority serving its Customers, satisfaction of the Rating Agency Condition.

Failure by the Authority and PSEG Long Island or a successor to undertake programs intended to maintain and/or improve the T&D System Assets could induce Customers to reduce or avoid 2025 Restructuring Charges by seeking alternatives to purchasing electricity through the Authority's T&D System Assets. That may reduce the total number of Customers paying the 2025 Restructuring Charges and change the relative amounts of 2025 Restructuring

Charges on such Customers, all of which would increase the amount and share of 2025 Restructuring Charges billed to the remaining Customers. Such increase may reduce the collectability of the 2025 Restructuring Charges.

Inaccurate Consumption Forecasting or Unanticipated Delinquencies or Charge-offs Might Reduce Scheduled Payments on the 2025 Restructuring Bonds

The 2025 Restructuring Charges are calculated based upon forecasted Customer usage, including the effect of delinquencies and charge offs. Under the OSA, PSEG Long Island does the forecasting of electricity consumption. The amount and the rate of Charge Collections will depend in part on actual electricity usage and the amount of collections and write-offs for each rate class. If PSEG Long Island or a successor inaccurately forecasts electricity consumption or uses inaccurate Customer delinquency or charge-off data when setting or adjusting the 2025 Restructuring Charges, there could be a shortfall or material delay in Charge Collections, which might result in missed or delayed payments of principal and interest and lengthened weighted average lives of the 2025 Restructuring Bonds. See "THE FINANCING ORDER—True-Up Adjustment Mechanism" and "THE SERVICING AGREEMENT — True-Up Adjustment Process."

The Servicer's use of inaccurate delinquency or charge-off rates might result also from, among other things, unexpected deterioration of the economy or changes to law and regulations governing the termination of electric service to Customers in the event of extreme weather, either of which could cause greater delinquencies or charge-offs than expected or force LIPA to grant additional payment relief to more Customers; or the introduction into New York of alternative electricity suppliers who collect the 2025 Restructuring Charges from the Customers, but who may fail to remit Customer charges to the Servicer in a timely manner; or the failure of alternative electricity suppliers to submit accurate and timely information to the Servicer regarding their collections and charge-offs; or any other unanticipated change in law that makes it more difficult for LIPA to terminate service to nonpaying Customers or that requires LIPA to apply more lenient credit standards in accepting Customers. See "THE SERVICER AND ADMINISTRATOR – Billing and Collection Policies."

Changes to Billing and Collection Practices May Reduce the Amount of Funds Available for Payments on the 2025 Restructuring Bonds

The methodology of determining the amount of the 2025 Restructuring Charge billed to each Customer is specified in Financing Order No. 8. Neither LIPA, nor PSEG Long Island as it performs its billing and collection functions on LIPA's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Customer may be changed in a manner that delays or reduces the Servicer's payments to the Trustee in respect of the 2025 Restructuring Charges. For example, to recover part of an outstanding electricity bill, LIPA may agree to extend a Customer's payment schedule or to write off the remaining portion of the bill. In that event, collection of 2025 Restructuring Charges may be delayed or reduced until an adjustment is made. See "SERVICER AND ADMINISTRATOR—Billing and Collection Policies."

Limits on Rights to Terminate Service to Customers Might Make it More Difficult to Collect the 2025 Restructuring Charges

To the extent that Customers do not pay for their electric service, LIPA will not be able to collect 2025 Restructuring Charges from these Customers. HEFPA provides some limitations on the Authority's right to terminate service of Customers who fail to pay their bills. Historical rates of non-payment are included in the calculations of the 2025 Restructuring Charges, but increases in the rates of non-payment would reduce the Charge Collections of 2025 Restructuring Charges until such 2025 Restructuring Charges are adjusted.

The Servicer's Indemnification Obligations Under the Servicing Agreement are Limited and Might Not Be Sufficient to Protect the Investments in the 2025 Restructuring Bonds

The Servicer is obligated under the Servicing Agreement to indemnify the Issuer and the Trustee (for itself and on behalf of the Holders) only in limited circumstances. See "THE SERVICING AGREEMENT—Servicer Will Indemnify Issuer in Limited Circumstances." Neither the Trustee nor the Holders will have the right to accelerate payments on the 2025 Restructuring Bonds as a result of a breach under the Servicing Agreement, absent an event of default under the Indenture as described in "THE INDENTURE—Events of Default." If the Servicer incurs indemnification obligations, it is not clear where such obligations would rank with other Servicer obligations. Furthermore, the Servicer might not have sufficient funds available to satisfy its indemnification obligations under the Servicing Agreement. The Servicer would get funds to pay indemnification obligations from the T&D System rates

and other charges. In the event of substantial Servicer indemnification obligations, payments on the 2025 Restructuring Bonds might be delayed or reduced.

Delinquent or Partial Payments of Customer Bills May Make Principal Payments on the 2025 Restructuring Bonds Occur Later than Expected

The amount and the rate of collection of the 2025 Restructuring Charges, together with the related 2025 Restructuring Charge adjustments, will impact whether there is a delay in the scheduled repayments of 2025 Restructuring Bond principal. If the 2025 Restructuring Charges are collected at a slower rate than expected, the Servicer might have to request adjustments of the 2025 Restructuring Charges. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the 2025 Restructuring Bonds.

Damage Caused by Severe Weather Could Impact LIPA's Operations and Could Impair Payment of the 2025 Restructuring Bonds

The Service Area experiences seasonal conditions typical of the northeast United States. Summers are usually hot with high temperatures in excess of 90°F. Winters include snow and icing conditions that can be damaging to overhead power lines. In addition, the Service Area experiences severe storms, including hurricanes, which can be particularly damaging due to Long Island's coastal location. LIPA's operations have been disrupted by severe weather several times recently. Future storms could have similar or more drastic effects. Transmission and/or distribution and generation facilities could be damaged or destroyed and usage of electricity could be interrupted temporarily, reducing the Charge Collections. There could be longer-lasting weather-related adverse effects on residential and commercial development and economic activity among the Customers, which could cause the 2025 Restructuring Charge to be greater than expected as a percentage of Base Rate Revenues. Legislative action adverse to the Holders might be taken in response, and such legislation, if challenged as violative of the State Pledge, might be defended on the basis of public necessity.

Terrorist Attacks, Cyber Attacks or Date Breaches of LIPA, PSEG Long Island or its Vendors' Technology Systems Could Limit LIPA's Ability to Service the 2025 Restructuring Property

LIPA and PSEG Long Island operate in a business environment that requires evolving and sophisticated information technology systems. The ability of LIPA and PSEG Long Island to safeguard and protect data, including personally identifiable data, and information, and assets from inappropriate use, improper disclosure and unauthorized release depends on its own and its suppliers' and their contractors' technology. Any significant failure or malfunction of such information technology systems could result in loss of data or disruptions of operations.

There have been attacks and threats of attacks on energy infrastructure by cyber actors, including those associated with foreign governments. As an operator of critical infrastructure, LIPA faces heightened risk of an act or threat of terrorism, cyber attacks, and data breaches, whether as a direct or indirect act against LIPA's generation, transmission or distribution facilities, operations centers, infrastructure, or information technology systems used to manage, monitor, and transport power to customers and perform day-to-day business functions. PSEG Long Island has made LIPA aware of certain cyber-ransom attacks and other suspicious network activity that, to date, have not impacted LIPA or PSEG information technology systems shared with PSEG Long Island and used to provide operational services to LIPA. However, a successful attack could affect LIPA's ability to operate, including its ability to operate the information technology systems and network infrastructure on which it relies to conduct business.

Any such attacks, failures or data breaches could have a material effect on LIPA's business, financial condition, results of operations or reputation. Moreover, such events may also expose LIPA to an increased risk of litigation (and associated damages and fines). Consequently, such attacks, failure or data breaches could impact LIPA's ability to service the 2025 Restructuring Property, including its ability to bill, collect and remit the 2025 Restructuring Charges and, therefore, might delay the timing of payments on the 2025 Restructuring Bonds and may reduce the value of the 2025 Restructuring Bonds.

Customer and Delivery Related Risks

Alternatives to Purchasing Electricity Through the Authority's Distribution Facilities or Technological Change Might Make Substitute Energy Sources More Attractive in the Future, and Effect of Net Metering

Technological developments might result in the introduction of economically attractive alternatives to purchasing electricity through the Authority's T&D System Assets for increasing numbers of Customers.

Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient and/or more environmentally friendly generating units that can be cost-effective sources of energy for a greater number of Customers. Self-generation is most attractive to Customers who are high load factor energy users, such as hospitals, or manufacturers with multiple shift operations. Currently, there are few such Customers of significant size in the Service Area.

Over time, technological developments might allow greater numbers of Customers to reduce or avoid 2025 Restructuring Charges, which may reduce the total number of Customers paying the 2025 Restructuring Charges and change the relative amounts of 2025 Restructuring Charges on such Customers, all of which would increase the amount and share of 2025 Restructuring Charges billed to the remaining Customers. Such increase may reduce the collectability of the 2025 Restructuring Charges.

LIPA's tariff provides for net metering of certain residential and nonresidential customer-generators of renewable power, such as solar, wind, farm waste, micro-combined heat and power, fuel cells, micro-hydroelectric and hybrids. See "THE FINANCING ORDER – Collection of 2025 Restructuring Charges; Nonbypassability" herein and the Authority's Annual Disclosure Report for the Fiscal Year 2024 (a copy of which can be found on the Authority's investor relations webpage at www.lipower.org/finance/investor-relations/) for additional information relating to the Authority's net metering. Subject to the limitations imposed by the Securitization Law (including the State Pledge) and other applicable law, the Authority has from time to time increased the net billing limitation and may in the future make other changes to its tariff that could impact the amount of the 2025 Restructuring Charges that would have to be billed per kilowatt hour. Over time, net metering could reduce the total number of Customers paying the 2025 Restructuring Charges and change the relative amounts of 2025 Restructuring Charges on such Customers, all of which would increase the amount and share of 2025 Restructuring Charges billed to the paying Customers. Such increase may reduce the collectability of the 2025 Restructuring Charges.

Judicial, Legislative or Regulatory Risks

Future Legislative Action to Change the Securitization Law Could Reduce the Value of the 2025 Restructuring Bonds

New York does not have a referendum or initiative process by which the Securitization Law may be challenged. Therefore, the only way for the Securitization Law to be changed would be through a legislative action which would be subject to the State Pledge. Constitutional protections against actions that violate the State Pledge should apply to legislation that is passed by the New York State legislature. However, to date, no federal or New York cases addressing the repeal or amendment of securitization provisions such as those contained in the Securitization Law have been decided; consequently, no judicial precedent is directly on point.

There have been cases in which federal courts have applied the Contract Clause of the United States Constitution to strike down legislation regarding similar or analogous matters, such as legislation reducing or eliminating taxes, public charges or other sources of revenues which support bonds issued by public instrumentalities or private issuers, or which otherwise reduces or eliminates the security for bonds. Based upon this case law, Nixon Peabody LLP, as Bond Counsel, expects to deliver an opinion in connection with the delivery of the 2025 Restructuring Bonds to the effect that the Holders (or the Trustee acting on their behalf) could successfully challenge under the Contract Clause of the United States Constitution the constitutionality of any repeal or amendment of the Securitization Law or any other action or failure to take any action required by the State Pledge that substantially limits, alters or reduces the value of the 2025 Restructuring Property or the 2025 Restructuring Charges prior to the time that the 2025 Restructuring Bonds are fully paid and discharged, unless such action is necessary to further a significant and legitimate public purpose.

It may be possible for the New York legislature to repeal or further amend the Securitization Law, or for the Authority to amend or revoke Financing Order No. 8, notwithstanding the State Pledge if the legislature or the Authority acts in order to serve a significant and legitimate public purpose, such as protecting the public health and safety or responding to a national or regional catastrophe affecting the Service Area, or if the legislature otherwise acts in the valid exercise of the State's police power. Any such action, as well as the litigation that likely would ensue, might adversely affect the price and liquidity, the dates of payment of interest and principal and the weighted average lives of the 2025 Restructuring Bonds. Moreover, the outcome of any litigation cannot be predicted. Accordingly, the Holders might incur a loss on or delay in recovery of their investment in the 2025 Restructuring Bonds.

In addition, any action of the New York legislature adversely affecting the 2025 Restructuring Property or the ability to impose, charge or collect Charges may be considered a "taking" under the United States or New York

Constitutions. Nixon Peabody LLP, as Bond Counsel, expects to render an opinion in connection with the delivery of the 2025 Restructuring Bonds to the effect that, under the federal and New York Constitutions, respectively, assuming the applicable court determines that the Takings Clause and not the Contract Clause applies, the State would be required to pay just compensation to the Holders if the State undertook a repeal or amendment of the Securitization Law or took any other action or failed to take any action required by the State Pledge after the 2025 Restructuring Bonds are issued but before they are fully paid that (i) constituted a permanent appropriation of a substantial property interest of the Holders in the 2025 Restructuring Property or denied all economically beneficial or productive use of the 2025 Restructuring Property, (ii) destroyed the 2025 Restructuring Property, other than in response to so-called emergency conditions, or (iii) substantially reduced, altered or impaired the value of the 2025 Restructuring Property so as to unduly interfere with the reasonable expectations of the Holders arising from their investment in the 2025 Restructuring Bonds. In examining whether action of the New York legislature amounts to a regulatory taking, both federal and New York State courts will consider the character of the governmental action, the economic impact of the governmental action on the Holders, and the extent to which the governmental action interferes with reasonable investment-backed expectations. There can be no assurance, however, that any award of compensation would be sufficient to pay the full amount of principal of and interest on the 2025 Restructuring Bonds.

The Takings Clauses do not preclude any limitation or alteration of the Securitization Law or Financing Order No. 8 if just compensation is made by law for the protection of the 2025 Restructuring Charges collected pursuant to Financing Order No. 8 and of the Holders. It is unclear what "just compensation" would be afforded to Holders by the State if such limitation or alteration were attempted. Accordingly, no assurance can be given that any such provision would not adversely affect the market value of the 2025 Restructuring Bonds, or the timing or receipt of payments with respect to the 2025 Restructuring Bonds.

The foregoing opinion notes that issues relating to the Contract Clause of the United States and the Takings Clauses of the United States and New York Constitutions are essentially decided on a case by case basis and that the courts' determinations, in most cases, appear to be strongly influenced by the facts and circumstances of the particular case. The opinion described above will be subject to the qualifications included in them. The degree of impairment necessary to meet the standards for relief under a Takings Clause analysis or Contract Clause analysis could be substantially in excess of what a Bondholder would consider material. A form of such opinion is included as Appendix D to this Official Statement.

In addition, the enforcement of any rights against the State under the State Pledge may be subject to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against state and local governmental entities in New York. These limitations might include, for example, the necessity to exhaust administrative remedies prior to bringing suit in a court, or limitations on type and locations of courts in which the State may be sued.

Future Judicial Action Could Reduce the Value of the Holder's Investment in the 2025 Restructuring Bonds

The 2025 Restructuring Property is the creation of the Securitization Law and Financing Order No. 8. There is uncertainty associated with investing in bonds payable from an asset that depends for its existence on legislation because there is limited juridical or regulatory experience implementing and interpreting the legislation. Because the 2025 Restructuring Property is a creation of the Securitization Law, any judicial determination affecting the validity of or interpreting the Securitization Law, the 2025 Restructuring Property or the Customer's ability to make payments securing the 2025 Restructuring Bonds might have an adverse effect on the 2025 Restructuring Bonds.

Other states and the District of Columbia have passed securitization laws, and some of these laws have been challenged by judicial actions. To date, none of these challenges has succeeded, but future judicial challenges might be made. An unfavorable decision regarding another state's securitization law would not automatically invalidate the Securitization Law or Financing Order No. 8, but, whether or not the statute was specifically tailored to a public entity issuer, such an unfavorable decision might provoke a challenge to the Securitization Law, establish a legal precedent for a successful challenge to the Securitization Law or heighten awareness of the political and other risks of the 2025 Restructuring Bonds, and in that way may limit the liquidity and value of the 2025 Restructuring Bonds. Therefore, legal activity in other states may indirectly affect the value of a Holder's investment in the 2025 Restructuring Bonds.

The Issuer Will Not be in Breach of Any Representation or Warranty as a Result of a Change in Law

The Issuer will not be in breach of any representation or warranty as a result of a change in the law by means of a legislative enactment or constitutional amendment. The Seller will not agree in the Sale Agreement and the initial Servicer and any Successor Servicer will not agree in its Servicing Agreement to institute any action or Proceeding to

block or overturn any attempts to cause a repeal, modification or supplement to the Securitization Law that would be adverse to the Issuer, Trustee or Holder. See "THE SALE AGREEMENT—Covenants of the Seller" and "THE SERVICING AGREEMENT—Servicing Procedures." In addition, there are no assurances that if either the Seller or Servicer choose to take such an action, any such action would be successful.

The Issuer is Not Obligated to Indemnify the Holders for Changes in Law

None of the Issuer, the Authority or the Servicer will indemnify the Holders for any changes in the law, including any federal preemption or repeal or amendment of the Securitization Law, that may affect the value of the 2025 Restructuring Bonds. Except as described above with respect to an action or Proceeding that would be adverse to the Issuer, Trustee or Holder, pursuant to the Servicing Agreement, at the request of the Trustee, the Servicer will take such legal or administrative actions, including without limitation defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar Proceedings, as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law or Financing Order No. 8, or the Issuance Advice Letter that would be materially adverse to the Trustee or the Holders. However, there are no assurances that the Servicer would be able to take this action or that any such action would be successful.

Challenges to the Transaction

While the time for filing any challenges to the LIPA Reform Act expired and no such challenges were filed, it is possible that interested parties may still seek to find some basis to challenge the LIPA Reform Act, the issuance of the 2025 Restructuring Bonds or specific aspects of the transaction. For example, notwithstanding that (a) Financing Order No. 8 contains a conclusion of law that the 2025 Restructuring Charges are "transition charges" as defined in the General Resolution and that they are not subject to the lien thereof, (b) Nixon Peabody LLP, as Bond Counsel, expects to render an opinion in connection with the issuance of the 2025 Restructuring Bonds to the effect that the 2025 Restructuring Charges are not subject to the lien of the General Resolution or the Subordinated General Resolution, and (c) the Authority will make a representation in the Sale Agreement to the effect that it is transferring the 2025 Restructuring Property free of any Liens, it is possible that holders of bonds issued by the Authority or other creditors or stakeholders may nonetheless attempt to assert that the 2025 Restructuring Charges are subject to the lien of the General Resolution or the Subordinated General Resolution. Though no such claims have been raised to date, any litigation making such assertion could affect the market price of the 2025 Restructuring Bonds.

Bankruptcy-Related Risks

Bankruptcy Relief is Not Available to the Issuer, but it is Available to the Authority and to the Servicer

With respect to the Issuer, its status as a municipality and the state law prohibition against its filing of a case under chapter 9 would result in the Issuer having no access to relief under the Bankruptcy Code. It would remain subject to applicable state law concerning debtors and creditors. The Authority is a corporate municipal instrumentality and a political subdivision of the State of New York and is explicitly authorized to file a petition under chapter 9 pursuant to its enabling legislation. Also as described elsewhere in this Official Statement, LIPA is a corporation eligible to be the subject of a voluntary or involuntary petition in a liquidation case under chapter 7 of the Bankruptcy Code or a reorganization case under chapter 11 of the Bankruptcy Code.

If the Servicer Were a Debtor in a Bankruptcy Proceeding, the Servicer Could Elect to Reject the Servicing Agreement and Any Resulting Delay in the Appointment of a Replacement or Successor Servicer Could Disrupt the Billing and Collection of the 2025 Restructuring Charges, Thus Delaying the Payment on the 2025 Restructuring Bonds

Among the powers given to a debtor in such a bankruptcy case is the right to "assume" or "reject" any unexpired lease or "executory contract." While not defined in the Bankruptcy Code, an "executory contract" is generally said to be a bilateral agreement as to which material performance remains for both parties at the time the bankruptcy case is commenced. The Servicing Agreement would likely be found to be an executory contract. If LIPA, as debtor, elected to reject the Servicing Agreement as permitted under the Bankruptcy Code, the Servicing Agreement would no longer be enforceable against LIPA, as Servicer, and the Issuer, or the Trustee as the Issuer's assignee, would have only general unsecured claims against LIPA for the damages resulting from such rejection. Such claims would be subject to being discharged in the bankruptcy case and no assurance can be given as to what percentage of their claims unsecured creditors would receive in the bankruptcy case.

In the event of a bankruptcy of the Servicer, the Servicing Agreement provides for the appointment of a Successor Servicer. However, the automatic stay in effect during a Servicer bankruptcy might delay or prevent a

Successor Servicer's replacement of the Servicer. Even if a Successor Servicer is permitted to be appointed to replace the Servicer, a successor may be difficult to obtain and may not be capable of performing all of the duties that LIPA as Servicer was capable of performing. Furthermore, should the Servicer enter into bankruptcy, it may be permitted to stop acting as Servicer.

The Authority Will Commingle the 2025 Restructuring Charges with Other Revenues That Are Collected For It, Which Might Make Such Commingled Amounts Unavailable to Pay Amounts Owing on the 2025 Restructuring Bonds

PSEG Long Island, on behalf of the Servicer, bills and collects all charges due from Customers and payable to the Authority, as well as restructuring charges, including the 2025 Restructuring Charges and the Prior Restructuring Charges. The Servicer is required to deposit, or cause to be deposited, into the Allocation Account, created by the Authority, the Charge Collections and the other amounts due on account of their customer bills, where they are commingled with other revenues collected that are not 2025 Restructuring Charges, as well as the Prior Restructuring Charges. On each Business Day, to the extent that funds are available in the Allocation Account, the Allocation Agent will transfer the estimated amount of Charge Collections from the Allocation Account to the Collection Account. For additional information, see "SERVICER AND ADMINISTRATOR – Allocation Account; Remittance of 2025 Restructuring Charges; Reconciliation." The Servicing Agreement, Financing Order No. 8 and the Securitization Law provide that any amounts received from or on behalf of a customer that represent a partial payment of 2025 Restructuring Charges and any other charges payable by the customer will be allocated pro rata between transition charges, including the 2025 Restructuring Charges, and such other charges.

The Securitization Law provides that the relative priority of a lien created under the Securitization Law is not affected by the commingling of 2025 Restructuring Charges arising with respect to the 2025 Restructuring Property with other amounts. In the event of a bankruptcy of the Authority, a party in interest in the bankruptcy might assert, and a court might rule, that the 2025 Restructuring Charges commingled with the Authority's own funds prior to and as of the date of bankruptcy were property of the Authority as of that date, rather than the Issuer's property. If the court so rules, then the court might also rule that the Trustee has only a general unsecured claim against the Authority for the amount of commingled 2025 Restructuring Charges held as of that date and could not recover the commingled 2025 Restructuring Charges held as of the date of the bankruptcy.

The Sale of 2025 Restructuring Property Might Be Construed as a Financing and Not a Sale in the Authority's Bankruptcy Case, Which Conclusion Might Delay or Limit Payments on the 2025 Restructuring Bonds

The Authority will represent and warrant that the transfer of the 2025 Restructuring Property in accordance with the Sale Agreement constitutes a true and valid sale and assignment of that 2025 Restructuring Property by the Authority to the Issuer. It will be a condition of closing for the sale of the 2025 Restructuring Property pursuant to the Sale Agreement that the Issuer will take the appropriate actions under the Securitization Law, including an informational filing of a UCC financing statement with the Secretary of State of New York. According to the Securitization Law, any pledge of the 2025 Restructuring Property or proceeds thereof shall be perfected, valid and binding from the time when the pledge is made. The description of the 2025 Restructuring Property in any security agreement and any financing statement must refer to the Securitization Law and Financing Order No. 8. No instrument needs to be recorded in order to perfect the lien on the 2025 Restructuring Property. However, as described herein, the Issuer will cause a financing statement and any necessary continuation statements, which in the case of the 2025 Restructuring Property shall be for informational purposes only, describing the pledge and referring to Financing Order No. 8 and the 2025 Restructuring Property under Article 9 of the UCC.

A bankruptcy court generally follows state property law on issues such as those addressed by the state law provisions referred to above. However, a bankruptcy court does not follow state law if it determines that the state law is contrary to a paramount federal bankruptcy policy or interest. In the event of a bankruptcy filing by the Authority, if a party in interest in the bankruptcy were to take the position that the transfer of the 2025 Restructuring Property to the Issuer pursuant to that Sale Agreement was a financing transaction and not a true sale under applicable creditors' rights principles, there can be no assurance that a court would not adopt this position.

The parties have attempted to mitigate the impact of a possible recharacterization of a sale of 2025 Restructuring Property as a financing transaction under applicable creditors' rights principles. The Sale Agreement will provide that if the transfer of the applicable 2025 Restructuring Property is thereafter recharacterized by a court as a financing transaction and not a true sale, the transfer by the Authority will be deemed to have granted to the Issuer and the Trustee a first priority security interest in all the Authority's right, title and interest in and to the 2025

Restructuring Property and all proceeds thereof. As a result of the Issuer causing a UCC financing statement to be filed, the Issuer would, in the event of a recharacterization, be a secured creditor of the Authority with a lien on the 2025 Restructuring Property and all proceeds thereof.

If the Issuer were determined to have only a security interest in the 2025 Restructuring Property, the Issuer would be subject to the risks of a secured creditor in a bankruptcy case. As a result, repayment of the 2025 Restructuring Bonds might be significantly delayed and a plan of reorganization in the bankruptcy might permanently modify the amount and timing of payments to the Issuer of the Charge Collections and therefore the amount and timing of funds available to the Issuer to pay the Holders. However, the law does provide that the value of the creditor's perfected lien must be maintained.

If the transaction is recharacterized as a financing rather than a true sale and if the Issuer fails to otherwise perfect its interest in the 2025 Restructuring Property sold pursuant to the Sale Agreement, the Issuer would be an unsecured creditor of the Authority whose claims would be subject to being discharged in the bankruptcy case. No assurance can be given as to what percentage of their claims unsecured creditors would receive in any bankruptcy case involving the Authority.

In a Proceeding in Which the Authority is a Debtor, the Bankruptcy Court Could Conclude that the 2025 Restructuring Property Comes Into Existence Only as Customers Take Delivery of Electricity, Which Could Impair the Issuer's Interest in Such 2025 Restructuring Property, Thus Impacting the Collection of the 2025 Restructuring Charges

The Authority will represent in the Sale Agreement, and the Securitization Law provides, that the 2025 Restructuring Property sold pursuant to such Sale Agreement constitutes an existing, present property right on the date that it is first transferred and pledged in connection with the issuance of the 2025 Restructuring Bonds. Further, as described above, a bankruptcy court generally follows state property law on issues such as those addressed by the state law provisions referred to above. Nevertheless, no assurance can be given that, in the event of a bankruptcy of the Authority, a court would not rule that the applicable 2025 Restructuring Property comes into existence only as Customers use electricity.

If a court were to accept the argument that the applicable 2025 Restructuring Property comes into existence only as Customers use electricity, no assurance can be given that a security interest in favor of the Bondholders would attach to the 2025 Restructuring Charges in respect of electricity consumed after the commencement of the bankruptcy case or that the 2025 Restructuring Property has been sold to the Issuer. If it were determined that the 2025 Restructuring Property had not been sold to the Issuer, and the security interest in favor of the Bondholders did not attach to the applicable 2025 Restructuring Charges in respect of electricity consumed after the commencement of the bankruptcy case, then the Issuer would have an unsecured claim against the Authority. If so, there would be delays and/or reductions in payments on the 2025 Restructuring Bonds. Whether or not a court determined that 2025 Restructuring Property had been sold to the Issuer pursuant to a Sale Agreement, no assurances can be given that a court would not rule that any 2025 Restructuring Charges relating to electricity consumed after the commencement of the bankruptcy could not be transferred to the Issuer or the Trustee.

Regardless of whether the Authority is the debtor in a bankruptcy case, if a court were to accept the argument that 2025 Restructuring Property sold pursuant to the Sale Agreement comes into existence only as customers take delivery of electricity, a tax or government lien or other nonconsensual lien on property of the Authority arising before that 2025 Restructuring Property came into existence could have priority over the Issuer's interest in that 2025 Restructuring Property. Adjustments to the 2025 Restructuring Charges may be available to mitigate this exposure, although there may be delays in implementing these adjustments.

The Financing Structure Would Present a Case of First Impression under the Bankruptcy Code

No court has ever considered this type of financing in the context of a petition brought under the Bankruptcy Code. If the Authority or LIPA were to become a debtor in a bankruptcy case, a court could conclude that the remittance of the restructuring charges by the Authority to the Trustee is subordinate to the payment of certain expenses of the Authority or LIPA.

Certain Contractual Claims Against the Authority Might be Limited in Case of a Bankruptcy of the Authority

If the Authority were to become a debtor in a bankruptcy case, claims, including indemnity claims, by the Issuer or the Trustee against the Authority as Seller under the Sale Agreement and the other documents executed in

connection therewith would be unsecured claims that would be subject to being discharged in the bankruptcy case. In addition, a party in interest in the bankruptcy may request that the bankruptcy court estimate any contingent claims that the Issuer or the Trustee have against the Authority. That party may then take the position that these claims should be estimated at zero or at a low amount because the contingency giving rise to these claims is unlikely to occur. If a court were to hold that the indemnity provisions were unenforceable, the Issuer would be left with a claim for actual damages against the Authority based on breach of contract principles. The actual amount of these damages would be subject to estimation and/or calculation by the court.

No assurances can be given as to the result of any of the above-described actions or claims. Furthermore, no assurance can be given as to what percentage of their claims, if any, unsecured creditors would receive in any bankruptcy case involving the Authority.

The Bankruptcy of the Authority Might Limit the Remedies Available to the Trustee

Upon an event of default under the Indenture, the Securitization Law permits the Trustee to enforce the security interest in the 2025 Restructuring Property sold pursuant to the Sale Agreement in accordance with the terms of the Indenture. In this capacity, the Trustee is permitted to request a New York court to order the sequestration and payment to Holders of the 2025 Restructuring Bonds of all revenues arising from the applicable 2025 Restructuring Charges. There can be no assurance, however, that a New York court judge would issue this order after a Seller bankruptcy in light of the automatic stay provisions of Section 362 of the United States Bankruptcy Code. In that event, the Trustee may under the Indenture seek an order from the bankruptcy court lifting the automatic stay with respect to this action by a New York court judge and an order requiring an accounting and segregation of the revenues arising from the 2025 Restructuring Property sold pursuant to the Sale Agreement.

A Bankruptcy of LIPA and/or the Authority Might Result in Consolidation of LIPA's or the Authority's Assets and Liabilities with Those of the Issuer, Potentially Causing Losses or Delays in Payments on the 2025 Restructuring Bonds

If LIPA and/or the Authority were to become a debtor in a bankruptcy case, a party in interest might attempt to substantively consolidate the assets and liabilities of LIPA, the Authority and the Issuer. The Issuer and the Authority have taken steps to attempt to minimize this risk. See "THE ISSUER – Relationship of the Issuer to the Authority and LIPA" in this Official Statement. However, no assurance can be given that if LIPA and/or the Authority were to become a debtor in a bankruptcy case, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of LIPA and/or the Authority. Such substantive consolidation could cause payment of the claims of the beneficial owners of the 2025 Restructuring Bonds to be subject to substantial delay and to adjustment in timing and amount under a plan of reorganization in the bankruptcy case.

In a Bankruptcy of the Authority, the Remittances of the 2025 Restructuring Charges by Servicer Prior to the Date of the Bankruptcy Should Not Constitute Preferences, But Resolution of Such Issues Could Delay the Payments on the 2025 Restructuring Bonds

In most bankruptcy cases, a payment by the debtor on account of antecedent debt may constitute a preference under bankruptcy law. Any payment within 90 days of the filing of the bankruptcy petition (or within one year if the remittance was on account of antecedent debt owed to an insider) that constitutes a preference could be avoidable, and the funds could be required to be returned to the bankruptcy estate of the debtor.

Transfers to a secured creditor of collateral in which the creditor has a perfected first lien are not subject to recovery as a preference. Moreover, in a chapter 9 case, transfers made to or for the benefit of a holder of a note or a bond, and on account of such note or bond, are not recoverable as a preference. As a result, notwithstanding a chapter 9 filing by the Authority, payments received by the Trustee or the Holders prior to the filing of the bankruptcy case should not be recoverable as preferences. However, any such action could result in a delay of the recovery of the 2025 Restructuring Charges.

Risks Associated with the Unusual Nature of the 2025 Restructuring Property

The Holders May Experience Material Payment Delays Because the Source of Funds for Payment is Limited.

The 2025 Restructuring Bonds will be solely the obligation of the Issuer and will not be a debt of or a pledge of the faith and credit of the State or any political or governmental unit thereof, including the PSC or the Public Authorities Control Board. The 2025 Restructuring Bonds shall be nonrecourse to the credit or any assets of the State and to the credit or, except for the 2025 Restructuring Property, any assets of the Issuer. The 2025 Restructuring

Bonds shall be limited obligations of the Issuer, payable solely out of the 2025 Restructuring Property, including the rights to bill and collect 2025 Restructuring Charges, derived from or in connection with the Sale Agreement (including all sums deposited in any Collection Account from time to time pursuant to the Sale Agreement or the Indenture, except for amounts in the Upfront Financing Costs Subaccount) and, in certain events, out of amounts obtained through the exercise of any remedy provided for in the Indenture. The 2025 Restructuring Bonds shall never be paid out of any other funds of the Issuer except such 2025 Restructuring Property. No recourse under the 2025 Restructuring Bonds shall be had against any past, present or future officer or director of the Issuer. The 2025 Restructuring Bonds shall never be paid in whole or in part out of any funds raised or to be raised by taxation or out of any other revenues or assets of the Issuer or the State except the collateral pledged by the Indenture. The principal of and interest on the 2025 Restructuring Bonds and all other amounts owing under the Indenture are secured, as set forth in the Indenture, by an assignment by the Issuer of certain of its rights under the Sale Agreement, including a pledge of certain of the revenues derived from and in connection with the Sale Agreement.

The 2025 Restructuring Bonds are not insured or guaranteed by LIPA, including in its capacity as the Servicer, or by any of its affiliates, the Trustee or by any other person or entity. Thus, Holders must rely for payment solely upon the Securitization Law, Financing Order No. 8 and state and federal constitutional rights to enforcement of the Securitization Law and Financing Order No. 8, the 2025 Restructuring Property, including the rights to bill and collect the 2025 Restructuring Charges, and Charge Collections and funds on deposit under the Indenture held by the Trustee.

Foreclosure of the Trustee's Lien on the 2025 Restructuring Property Securing the 2025 Restructuring Bonds Might Not be Practical, and Acceleration of the 2025 Restructuring Bonds Before Maturity Might have Little Practical Effect

Under the Securitization Law and the Indenture, the Trustee or the Holders have the right to foreclose or otherwise enforce the lien on the 2025 Restructuring Property securing the 2025 Restructuring Bonds. However, in the event of foreclosure, there is likely to be a limited market, if any, for the 2025 Restructuring Property. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the 2025 Restructuring Bonds will be due and payable upon acceleration of the 2025 Restructuring Bonds before maturity, the 2025 Restructuring Charges may not be accelerated and the nature of the 2025 Collateral will result in principal of the 2025 Restructuring Bonds being paid as funds become available. If there is an acceleration of the 2025 Restructuring Bonds, all tranches of the 2025 Restructuring Bonds will be paid *pro rata*; therefore some tranches might be paid earlier than expected and some tranches might be paid later than expected.

The Credit Ratings Are Not an Indication of the Expected Rate of Payment of Principal on the 2025 Restructuring Bonds

The 2025 Restructuring Bonds are expected to receive credit ratings from three nationally recognized statistical rating organizations ("NRSROs"). A rating is not a recommendation to buy, sell or hold the 2025 Restructuring Bonds. The ratings merely analyze the probability that the Issuer will repay the principal amount of the 2025 Restructuring Bonds at each Final Maturity Date (which is later than the related Scheduled Maturity Date) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to the Expected Amortization Schedule.

Under Rule 17g-5 of the Securities Exchange Act of 1934, NRSROs providing the sponsor of a security with the requisite certification will have access to all information posted on a website by the sponsor for the purpose of determining the initial rating of such security and monitoring the rating after the Issuance Date in respect of the 2025 Restructuring Bonds. As a result, an NRSRO other than the NRSRO hired by the sponsor (the "hired NRSRO") may issue ratings on the 2025 Restructuring Bonds ("Unsolicited Ratings"), which may be lower, and could be significantly lower, than the ratings assigned by the hired NRSROs. The Unsolicited Ratings may be issued prior to, or after, the Issuance Date in respect of the 2025 Restructuring Bonds. Issuance of any Unsolicited Rating will not affect the issuance of the 2025 Restructuring Bonds. Issuance of an Unsolicited Rating lower than the ratings assigned by the hired NRSRO on the 2025 Restructuring Bonds might adversely affect the value of the 2025 Restructuring Bonds and, for regulated entities, could affect the status of the 2025 Restructuring Bonds as a legal investment or the capital treatment of the 2025 Restructuring Bonds. Investors in the 2025 Restructuring Bonds should consult with their legal counsel regarding the effect of the issuance of a rating by a non-hired NRSRO that is lower than the rating of a hired NRSRO. None of the Authority, the Issuer, the Underwriters or any of their affiliates will have any obligation to inform the Holders of any Unsolicited Ratings assigned after the date of this Official Statement. In addition, if the Issuer or the Authority fail to make available to a non-hired NRSRO any information provided to any hired rating

agency for the purpose of assigning or monitoring the ratings on the 2025 Restructuring Bonds, a hired NRSRO could withdraw its ratings on the 2025 Restructuring Bonds, which could adversely affect the market value of the 2025 Restructuring Bonds and/or limit the Holder's ability to resell its Bonds.

If the Ratings on the 2025 Restructuring Bonds are Withdrawn or Revised, the Value of the 2025 Restructuring Bonds may be Adversely Affected

The ratings on the 2025 Restructuring Bonds may be withdrawn or revised, which may have an adverse effect on the market price of the 2025 Restructuring Bonds. A security rating is not a recommendation to buy, sell or hold the 2025 Restructuring Bonds. The ratings are assessments by the respective Rating Agencies of the likelihood that interest and principal on the 2025 Restructuring Bonds will be paid on a timely basis. Ratings on the 2025 Restructuring Bonds may be lowered, qualified or withdrawn at any time without notice.

The Absence of a Secondary Market for the 2025 Restructuring Bonds Might Limit the Ability to Resell the 2025 Restructuring Bonds

The Underwriters for the 2025 Restructuring Bonds might assist in resales of the 2025 Restructuring Bonds, but they are not required to do so. A secondary market for the 2025 Restructuring Bonds might not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow a Holder to resell any of its 2025 Restructuring Bonds.

UNDERWRITING

The Underwriters listed on the cover page of this Official Statement, for which BofA Securities, Inc. is acting as the lead book-running manager, have agreed, jointly and severally and subject to certain conditions, including satisfaction of the rating agency conditions with respect to the Prior Restructuring Bonds, to purchase the 2025 Restructuring Bonds from the Issuer at an underwriters' discount of $_____. The initial public offering prices of the 2025 Restructuring Bonds may be changed from time to time by the Underwriters.

The 2025 Restructuring Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing 2025 Restructuring Bonds into investment trusts) at prices lower than such public offering prices.

As described above under the heading "PLAN OF FINANCE AND USE OF PROCEEDS," pursuant to the Invitation, the Issuer is inviting certain owners of the Target Bonds to tender their restructuring bonds for cash payment. BofA Securities, Inc., Goldman Sachs & Co. LLC and Loop Capital Markets LLC are serving as co-Dealer Managers (the "Dealer Managers") for the Tender Offer. For their services as Dealer Managers, the Dealer Managers will be compensated in an amount equal to a percentage of the aggregate principal amount of Target Bonds tendered and accepted for purchase.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers for the distribution of the 2025 Restructuring Bonds at the initial public offering prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Issuer and the Authority and to persons and entities with relationships with the Issuer and the Authority, 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, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade 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 of the Issuer and the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer and the Authority. 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.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2025 Restructuring Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2025 Restructuring Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2025 Restructuring Bonds. Pursuant to the Indenture and the Tax Certificates of the Issuer and the Authority, the Issuer and the Authority have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2025 Restructuring Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Issuer and the Authority have made certain representations and certifications in the Indenture and their respective Tax Certificates. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Issuer and the Authority described above, interest on the Series 2025 Restructuring Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Series 2025 Restructuring Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations.

State Taxes

Bond Counsel is also of the opinion that interest on the 2025 Restructuring Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, and the 2025 Restructuring Bonds are exempt from all taxation directly imposed thereon by or under the authority of the State of New York, except estate or gift taxes and taxes on transfers. Bond Counsel expresses no opinion as to other state or local tax consequences arising with respect to the Series 2025 Restructuring Bonds nor as to the taxability of the Series 2025 Restructuring Bonds or the income therefrom under the laws of any state other than the State.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the 2025 Restructuring Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the 2025 Restructuring Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount 2025 Bond" and collectively the "Discount 2025 Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2025 Restructuring Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount 2025 Bond and the basis of each Discount 2025 Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount 2025 Bonds, even though there will not be a corresponding cash payment. Owners of the Discount 2025 Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount 2025 Bonds.

Original Issue Premium

Series 2025 Restructuring Bonds sold at prices in excess of their principal amounts are "Premium 2025 Bonds." An initial purchaser with an initial adjusted basis in a Premium 2025 Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium 2025 Bond based on the purchaser's yield to maturity (or, in the case of Premium 2025 Bonds callable prior to their maturity, over the period to the call date,

based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium 2025 Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium 2025 Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium 2025 Bonds. Owners of the Premium 2025 Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium 2025 Bonds.

Ancillary Tax Matters

Ownership of the Series 2025 Restructuring Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2025 Restructuring Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2025 Restructuring Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2025 Restructuring Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix C. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2025 Restructuring Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2025 Restructuring Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2025 Restructuring Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2025 Restructuring Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2025 Restructuring Bonds may occur. Prospective purchasers of the Series 2025 Restructuring Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2025 Restructuring Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2025 Restructuring Bonds may affect the tax status of interest on the Series 2025 Restructuring Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2025 Restructuring Bonds, or the interest thereon, if any action is taken with respect to the Series 2025 Restructuring Bonds or the proceeds thereof upon the advice or approval of other counsel.

CONTINUING DISCLOSURE

In the Continuing Disclosure Agreement, pursuant to Rule 15c2-12 under the Exchange Act ("Rule 15c2-12"), LIPA, as Servicer and designated agent for the Issuer, will covenant for the sole benefit of the Holders (and, to the extent specified in the Continuing Disclosure Agreement, the beneficial owners) of the 2025 Restructuring Bonds and subject (except to the extent expressly provided in the Servicing Agreement) to the remedial provisions of the Basic Documents, to provide the information described therein in a timely manner, to the MSRB through EMMA, in the electronic form prescribed by the MSRB. A copy of the form of the Continuing Disclosure Agreement is attached hereto as Appendix F.

The Issuer has determined that no financial or operating data concerning the Issuer is material to an evaluation of the offering of the 2025 Restructuring Bonds or to any decision to purchase, hold or sell the 2025 Restructuring Bonds and the Issuer will not provide any such information. As discussed above, the Servicer, as the designated agent of the Issuer, has covenanted in the Servicing Agreement to undertake all responsibilities for providing any continuing disclosure to the Holders of the Outstanding Bonds, and the Issuer shall have no responsibility to the Holders of the 2025 Restructuring Bonds or any other person with respect to Rule 15c2-12.

RATINGS

The 2025 Restructuring Bonds are expected to be assigned ratings of "____" by Moody's, "____ " by S&P and "____" by Fitch. It is a condition to the issuance of the 2025 Restructuring Bonds that such ratings are received.

The respective ratings by Moody's, S&P and Fitch of the 2025 Restructuring Bonds reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the Rating Agencies with respect thereto should be obtained from the Rating Agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, Hearst Tower, 300 West 57th Street, New York, New York 10019. 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. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning Rating Agency. No person is obligated to maintain the rating on any 2025 Restructuring Bonds and, accordingly, there is no assurance that such ratings for the 2025 Restructuring Bonds will continue for any given period of time or that any of such ratings will not be revised downward or withdrawn entirely by any of the Rating Agencies, if, in the judgment of such Rating Agency or Agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the liquidity and the market price of the 2025 Restructuring Bonds. In general, ratings address credit risk and do not represent any assessment of any particular rate of principal payments on the 2025 Restructuring Bonds other than the payment in full of each tranche of the 2025 Restructuring Bonds by the Final Maturity Date as well as the timely payment of interest.

Under Rule 17g-5 of the Exchange Act, NRSROs providing the sponsor with the requisite certification will have access to all information posted on a website by the sponsor for the purpose of determining the initial rating and monitoring the rating after the Issuance Date in respect of the 2025 Restructuring Bonds. As a result, an NRSRO other than a hired NRSRO may issue unsolicited ratings on the 2025 Restructuring Bonds ("Unsolicited Ratings"), which may be lower, and could be significantly lower, than the ratings assigned by the hired NRSROs. The Unsolicited Ratings may be issued prior to, or after, the Issuance Date in respect of the 2025 Restructuring Bonds. Issuance of any Unsolicited Rating will not affect the issuance of the 2025 Restructuring Bonds. Issuance of an Unsolicited Rating lower than the ratings assigned by the hired NRSRO on the 2025 Restructuring Bonds might adversely affect the value of the 2025 Restructuring Bonds and, for regulated entities, could affect the status of the 2025 Restructuring Bonds as a legal investment or the capital treatment of the 2025 Restructuring Bonds. Investors in the 2025 Restructuring Bonds should consult with their legal counsel regarding the effect of the issuance of a rating by a non-hired NRSRO that is lower than the rating of a hired NRSRO.

A portion of the fees paid by the Issuer to an NRSRO which is hired to assign a rating on the 2025 Restructuring Bonds is contingent upon the issuance of the 2025 Restructuring Bonds. In addition to the fees paid by the Issuer to an NRSRO at closing on the 2025 Restructuring Bonds, the Issuer will pay a fee to the NRSRO for ongoing surveillance for so long as the 2025 Restructuring Bonds are outstanding. However, no NRSRO is under any obligation to continue to monitor or provide a rating on the 2025 Restructuring Bonds.

FINANCIAL ADVISOR

PFM Financial Advisors LLC ("PFM") serves as the independent financial advisor to the Issuer and the Authority, respectively, in connection with the structuring, marketing and sale of the 2025 Restructuring Bonds, including the timing and conditions of issuance, and other such financial guidance as requested by the Issuer or the Authority. Although PFM performed an active role in the drafting of this Official Statement and other related transaction documents, PFM has not independently verified any of the information set forth herein.

ABSENCE OF LITIGATION

The Issuer

There is not now pending, or to the knowledge of the Issuer, threatened, any litigation against the Issuer restraining or enjoining the issuance or delivery of the 2025 Restructuring Bonds or questioning the validity of the 2025 Restructuring Bonds or the Proceedings or authority under which they are issued. Neither the creation, organization or existence, nor the title of the present members and officers of the Issuer to their respective office, is being challenged or questioned. There is no litigation pending, or to the knowledge of the Issuer, threatened, against the Issuer which in any manner questions the right of the Issuer to enter into the Indenture or to secure the 2025 Restructuring Bonds in the manner provided in the Indenture or to issue the 2025 Restructuring Bonds in the manner provided in the Indenture and the Securitization Law. There is no action, suit, Proceeding or investigation, at law or in equity, before any court, public body or other body pending, or to its knowledge, threatened against or affecting the Issuer, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions under the Indenture or the performance of the obligations of the Issuer under the Indenture.

The Authority and LIPA

There is not now pending, or to the knowledge of the Authority or LIPA threatened, any litigation against the Authority or LIPA restraining or enjoining the issuance or delivery of the 2025 Restructuring Bonds or questioning the validity of the 2025 Restructuring Bonds or the Proceedings or authority under which they are issued. There is no litigation pending, or to the knowledge of the Authority or LIPA threatened, against the Authority or LIPA which in any manner questions the right of the Authority or LIPA to enter into the Basic Documents to which each is a party. There is no action, suit, Proceeding or investigation, at law or in equity, before any court, public body or other body pending, or to the knowledge of Authority or LIPA threatened, against or affecting it wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions under the Basic Documents or the performance of the obligations of the Authority or LIPA under the Basic Documents to which each is a party.

LEGAL MATTERS

Certain legal matters relating to the 2025 Restructuring Bonds, including certain federal income tax matters, will be passed on by Nixon Peabody LLP, Bond Counsel to the Authority and the Issuer, respectively. Certain other legal matters relating to the 2025 Restructuring Bonds will be passed on by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel to the Authority and the Issuer, respectively, by Bobbi O'Connor, General Counsel to the Authority, and by Norton Rose Fulbright US LLP, Underwriters' Counsel.

MISCELLANEOUS

This Official Statement includes, among other things, descriptions of (i) the Issuer, the Authority, and LIPA and (ii) the terms of the 2025 Restructuring Bonds, the Basic Documents, and certain provisions of the Securitization Law. Such descriptions are not complete and all such descriptions and references thereto are qualified by reference to each such document, copies of which may be obtained from the Issuer.

The agreements with the Holders are fully set forth in the Indenture. This Official Statement is not to be construed as a contract with the purchasers of the 2025 Restructuring Bonds or of any other obligations of the Issuer.

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This Official Statement has been executed on behalf of the Issuer.

UTILITY DEBT SECURITIZATION AUTHORITY

By: _____
Chief Financial Officer

APPENDIX A

SERVICER INFORMATION

UDSA was created as a result of New York State legislation, signed into law on July 29, 2013, referred to as the LIPA Reform Act, as amended (the "Reform Act"). Part B of the Reform Act (referred to as the "Securitization Law") initially allowed for the retirement of certain outstanding indebtedness of the Authority through the issuance of the Restructuring Bonds by UDSA. In August 2021, legislation was enacted to permit the issuance of additional restructuring bonds by UDSA in an amount not to exceed $8 billion (inclusive of the approximately $4.5 billion of restructuring bonds already issued when such legislation was enacted). Additional Restructuring Bonds may be issued to refund outstanding indebtedness of the Authority and UDSA for debt service savings and to fund investment in T&D System resiliency.

The Authority is the owner of the transmission and distribution system located in the Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County known as the Rockaways (the "Service Area") and is responsible for facilitating the supply of electricity to customers within the Service Area. UDSA is a special purpose corporate municipal instrumentality of the State of New York. UDSA has no commercial operations. The Securitization Law prohibits UDSA from engaging in any other activity except as specifically authorized by the Financing Orders adopted by the Authority in connection with the Restructuring Bonds and provides that UDSA is not authorized to be a debtor under any provision of the Bankruptcy Code (Title 11 of the United States Code (11 U.S.C. § 101 et seq.), as amended from time to time).

SERVICER AND ADMINISTRATOR

Billing and Collection Policies

Credit Policy

The provision of electric service to Service Area customers by the Authority is governed by the Home Energy Fair Practices Act ("HEFPA"), which is Article 2 of the New York Public Service Law. The table below indicates the numbers and dollars of deposits from residential and commercial customers held by the Authority at the beginning of the past five years. Approximately 9.7% of the average monthly revenue for 2024 was secured with a cash deposit. This calculation does not include non-cash securities, such as security bonds and letters of credit.

Deposits on Hand from Residential and Commercial Customers

Beginning of:	Number of Deposits	Dollars of Deposits (in thousands)
2021	$30,721	$32,394
2022	26,913	27,847
2023	28,305	31,816
2024	29,045	32,489
2025	30,076	34,649

Billing Process

LIPA's billing process is managed by LIPA's service provider, PSEG Long Island. As of December 31, 2024, approximately 1,161,517 of LIPA's meters (99.1% of customers) were read using advanced metering infrastructure ("AMI"), which accounted for nearly 99.2% of sales. LIPA expects to convert most of its customers to advance metering during 2025 (the number of customers who chose to "opt-out" of installation of an AMI meter is currently 7,460 accounts). During 2024, non-AMI meters were read manually on a monthly cycle for 1,314 larger commercial demand-metered customers and 8,107 residential customers and read manually on a bi-monthly cycle for 483 residential and small commercial customers.

Once the meter readings are received, bills are calculated and generated by PSEG Long Island and transmitted to a vendor for printing and mailing or electronic mailing. The billing cycle differs from the meter reading cycle in that some residential customers that have their meters read bi-monthly receive bills on a monthly basis. As of December 31, 2024, approximately 926,069 residential customers received monthly bills which, combined with the approximately 107,926 commercial accounts that are billed monthly, results in a total of approximately 1,033,995 customers (89% of customers) receiving monthly bills. The balance of customers receive bi-monthly bills.

Payments made by U.S. mail are mailed to a Long Island address where they are retrieved and processed by a vendor. Payments are processed to a lock-box which deposits the receipts into the Allocation Account. All other forms of payment are also deposited directly into an Authority bank account when they are processed or received.

Customer Remittance Payments Processed in 2024 by Type

Type of Payment	Items (in thousands)	Dollars (in millions)
US Mail/Lockbox	1,938	$1,029
Internet	2,782	822
Home Banking	2,290	592
Direct Debit	2,398	697
In-house Processing	86	425
Pay Agents	13	3
Pay by Phone	182	92
Interactive Voice Recognition	684	178
Customer Office	42	36
Large Customers ACH	6	61
Energy Assistance	21	5
Collection Agencies	5	1
Credit Card	1,225	314
	11,672	$4,255

Collection Policy

LIPA's collection process is managed by PSEG Long Island. Collection practices, including the ability to terminate (disconnect) service, are governed by HEFPA. LIPA's bills are due immediately and payable in 20 days to avoid late payment charges and other collection activities. Bill notices and outbound telephone calls may begin as early as 30 days after a bill is issued, if payment is not received. To conform to HEFPA requirements, a series of notices will appear on the bills for delinquent customers, indicating that service may be terminated if payment is not received. The customer must also be offered a deferred payment agreement for outstanding arrears. The standard deferred payment agreement requires payment of up to 15% of the bill, and monthly payments of the balance over ten months, plus the payment of all current charges going forward. Customers that do not make payment of their outstanding arrears or enter into a deferred payment agreement are subject to termination of service (disconnection) for non-payment. To execute the termination, a field visit is performed to offer a final opportunity to make the payment, evaluate the situation from a safety perspective and, if called for, immediately disconnect the customer.

The ability to terminate is also restricted by weather conditions, in accordance with HEFPA. During warm weather (i.e. summer) conditions, residential service cannot be terminated when the temperature-humidity (heat) index has reached 95 degrees for two consecutive days or the temperature has been 100 degrees for any length of time or heat advisory or excessive heat warnings have been issued. During cold weather (winter) conditions, residential service will not be terminated if the high temperature of the day does not rise above 32 degrees. Between November 1st and April 15th, PSEG Long Island must attempt to contact the customer via telephone or in person 72 hours prior to termination and the field staff must recheck the location on the following day if there was no contact made at the time of termination.

Significant efforts are made through the collections process to avoid both customer termination, if possible, and write-offs, to the extent practical. PSEG Long Island performs significant outbound calling efforts and field collection visits to give customers every opportunity to make payment on outstanding balances. Larger commercial customers are also visited by collections and key account representatives to explore other possible avenues for bringing the account up-to-date. Payment agreements and referrals to the appropriate social service agencies are also used to maximize the payment of outstanding arrears for residential customers. In the event that a final bill is issued (either because the customer left the premises without paying their outstanding balances or PSEG Long Island terminated service), an effort is made to identify any new location within the Service Area where the customer may have moved, and have the outstanding arrears transferred there, and the balance due may be assigned to an outside collection agency for early action. Final accounts are written off to bad debt expense approximately 150-180 days after the final bill has been issued. Once the account is written off, the unpaid balances are generally assigned to one of PSEG Long Island's

collection agencies that pursue additional collection activities in exchange for a percentage share of the recovery. Net recoveries are returned to LIPA and credited against bad debt expense.

RECENT DEVELOPMENTS

See "RECENT DEVELOPMENTS" in the Issuer's Annual Disclosure Report for the Fiscal Year 2024 (a copy of which can be found on the Issuer's investor relations webpage at www.lipower.org/udsa-investor-relations/) for information relating to the Authority's 2025 Budget, Federal Emergency Management Agency Grants, Integrated Resource Planning, Suffolk County Payments in Lieu of Taxes and the power plant property tax litigation.

2024 OSA RFP and 2024 PSMFM RFP

On May 29, 2024, LIPA launched a request for proposals ("RFP") to identify the future service provider to LIPA after the OSA expires on December 31, 2025 (the "2024 OSA RFP"). The 2024 OSA RFP sought a service provider for a 10-year term to provide operations services similar to those currently being provided by PSEG Long Island. Following the completion of the solicitation process at its April 30, 2025 meeting, the LIPA Board did not approve LIPA staff's recommendation for the next service provider. On May 22, 2025, the LIPA Board approved a resolution canceling the 2024 OSA RFP. Under the OSA, LIPA has an option to extend the existing OSA for up to five years upon mutual agreement of LIPA and PSEG Long Island. On September 18, 2025, Quanta Services, Inc. ("Quanta") filed an Article 78 proceeding in the New York Supreme Court, Nassau County, for a judgment annulling the cancellation of the 2024 OSA RFP and enjoining LIPA from entering into an OSA extension with PSEG Long Island. LIPA filed a motion to dismiss such proceeding on October 10, 2025, and such litigation is ongoing. Though the result of the litigation cannot be predicted, at this time LIPA does not expect it to have a material impact on its operations or finances. On September 25, 2025, LIPA's Board of Trustees approved a five-year extension of the OSA, which was subsequently approved by the New York State Attorney General. Such extension is subject to further approval by the Office of State Comptroller.

On May 30, 2024, LIPA launched an RFP to identify the future service provider to LIPA after its agreements for power supply management services and fuel management services with PSEG ER&T expire on December 31, 2025 (the "2024 PSMFM RFP"). The 2024 PSMFM RFP sought a service provider for a 5-year term to provide power supply management services and fuel management services similar to those currently being provided by PSEG ER&T with certain modifications. In December 2024, the LIPA Board approved the selection of The Energy Authority to provide these services. The new power supply management and fuel management agreement was approved by the New York State Attorney General and the New York State Comptroller in March 2025. The preparatory transition period to the new service provider has commenced and will continue until the end of 2025.

State Inspector General Inquiry

LIPA is aware that the New York State Office of the Inspector General ("IG") has opened an inquiry into certain matters related to LIPA. The scope and timing of such IG inquiry is unknown at this time. LIPA is not aware of any aspect of the IG inquiry that could have an adverse impact on the operating results or financial condition of LIPA, and any such impacts cannot be predicted at this time.

Appointment of Chief Executive Officer

On June 25, 2025, the LIPA Board appointed Carrie Meek Gallagher as Chief Executive Officer, effective July 7, 2025. Ms. Gallagher has over twenty-five years of leadership experience in public service, energy regulation, and environmental policy, with a deep focus on Long Island and New York State and has over a decade of direct management and leadership experience in the utility sector. Ms. Gallagher succeeded John B. Rhodes, who served as LIPA's Acting CEO since March 2024.

Liquidity

The Authority's Board Policy on Fiscal Sustainability requires the Authority to manage its liquidity position to maintain cash on hand of at least $100 million in its operating account and $150 million in its Rate Stabilization Fund at each month-end, as well as having cash on hand and available credit of at least 150 days of operating expenses. At September 30, 2025, the Authority had approximately 292 days of cash on hand and available credit.

The Authority's short-term borrowing program provides resources to meet interim working capital needs, cash flow requirements due to the seasonality of sales, and cash flow requirements from unforeseen circumstances such as severe weather events. The Authority was authorized to issue short-term borrowings (including its revolving credit facility) up to $1.2 billion.

Power Supply Contracts

A new five-year, capacity-only contract was recently executed for the Calpine Bethpage combined cycle plant. This contract replaces an expiring tolling agreement with the same facility. LIPA is continuously reviewing and evaluating current and new power supply contracts; however, there are no other new contracts currently in the late stages of negotiations.

Revenues, LIPA's Customer Base and Electric Energy Consumption

LIPA's customer base consists of four primary revenue reporting classes: residential, commercial, street lighting, and other public authorities.

The following tables show the electricity delivered to customers, total retail electricity delivery service revenues and the number of customers for each of the customer rate classes noted below for the year ending December 31, 2024 and each of the four preceding years. There can be no assurance that the retail electricity delivery service sales, retail electric revenues and number of customers or the composition of any of the foregoing will remain at or near the levels reflected in the following tables.

Electricity Delivered to Customers,
Total Billed Retail Electricity Delivery Service Revenues and Customers

Retail Electric Usage (As Measured by Billed GWh Sales)
by Customer Rate Class and Percentage Composition

Customer Rate Class	2020		2021		2022		2023		2024	
Residential	9,568	51.5%	9,535	50.7%	9,391	50.1%	8,903	49.3%	9,118	49.6%
Commercial	8,522	45.9%	8,782	46.7%	8,863	47.3%	8,644	47.9%	8,737	47.6%
Street Lighting	101	0.5%	98	0.5%	94	0.5%	94	0.5%	91	0.5%
Other Public Authorities	390	2.1%	383	2.0%	394	2.1%	409	2.3%	429	2.3%
Total Retail	18,581	100.0%	18,798	100.0%	18,743	100.0%	18,049	100.0%	18,375	100.0%

Total Billed Retail Electricity Delivery Service Revenue
by Customer Rate Class and Percentage Composition
(Dollars in Millions)

Customer Rate Class	2020		2021		2022		2023		2024	
Residential	$2,059	55.8%	$2,133	54.2%	$2,398	54.1%	$2,062	54.2%	$2,253	54.8%
Commercial	1,569	42.5%	1,740	44.2%	1,963	44.3%	1,681	44.2%	1,789	43.5%
Street Lighting	18	0.5%	19	0.5%	20	0.5%	18	0.5%	19	0.5%
Other Public Authorities	42	1.1%	42	1.1%	49	1.1%	45	1.2%	48	1.2%
Total Retail	$3,688	100.0%	$3,934	100.0%	$4,431	100.0%	$3,806	100.0%	$4,109	100.0%

Service Territory Average Number of
Metered Customers and Percentage Composition

Customer Rate Class	2020		2021		2022		2023		2024	
Residential	1,020,864	89.3%	1,024,507	89.3%	1,026,632	89.1%	1,027,989	89.4%	1,029,836	89.1%
Commercial	116,042	10.2%	117,435	10.2%	119,328	10.4%	116,780	10.2%	120,144	10.4%
Street Lighting	5,605	0.5%	5,491	0.5%	5,493	0.5%	5,498	0.5%	5,496	0.5%
Other Public Authorities	129	0.0%	129	0.0%	129	0.0%	141	0.0%	129	0.0%
Total Retail	1,142,640	100.0%	1,147,562	100.0%	1,151,583	100.0%	1,150,408	100.0%	1,155,605	100.0%

Forecasting Electricity Consumption

The table below shows information relating to the forecasted and actual electricity delivered by customer class and on an aggregate basis, as well as the applicable variances, in each case for the years shown.

Annual Forecast Variance For Ultimate Electric Delivery (MWh)

	2020	2021	2022	2023	2024
Residential					
Forecast	8,664,796	9,159,371	8,830,020	8,944,823	8,845,598
Actual	9,567,815	9,535,379	9,390,870	8,902,687	9,118,304
Variance (%)	10.42%	4.11%	6.35%	-0.47%	3.08%
Commercial					
Forecast	9,491,211	8,379,397	8,793,650	8,923,981	8,897,503
Actual	8,521,868	8,782,143	8,862,931	8,643,959	8,737,253
Variance (%)	-10.21%	4.81%	0.79%	-3.14%	-1.80%
Street Lighting					
Forecast	112,800	98,838	98,838	94,616	92,931
Actual	100,802	98,362	94,253	93,694	90,620
Variance (%)	-10.64%	-0.48%	-4.64%	-0.97%	-2.49%
Other Public Authorities					
Forecast	421,027	420,703	420,703	401,537	421,027
Actual	389,994	382,512	394,449	409,061	428,638
Variance (%)	-7.37%	-9.08%	-6.24%	1.87%	1.81%
TOTAL					
Forecast	18,689,834	18,058,308	18,143,211	18,364,957	18,257,059
Actual	18,580,478	18,798,397	18,742,503	18,049,401	18,374,815
Variance (%)	-0.59%	4.10%	3.30%	-1.72%	0.64%

Loss Experience

The following table sets forth information relating to the annual net charge-offs for LIPA, including net charge-offs of customers as part of LIPA's annual charge-off reconciliation process, prepared in accordance with the applicable metrics provided for in the 2014 OSA for all years.

Net Charge-Offs as a Percentage of Total Billed Retail Electricity Service Revenues

	2020	2021	2022	2023	2024
Electric Revenues Billed ($000)	3,812,469	4,046,947	4,554,610	3,886,761	4,294,886
Net Charge-Offs ($000)	13,928	11,271	25,003	34,316	20,403
Percentage of Revenue Billed	0.37%	0.28%	0.55%	0.88%	0.48%

Days Sales Outstanding

The following table sets forth information relating to the average number of days that LIPA's bills remained outstanding during each of the calendar years referred to below, prepared in accordance with the applicable metrics provided for in the 2014 OSA for all years.

Average Days Sales Outstanding

	2020	2021	2022	2023	2024
Average Days Sales Outstanding	35.25	41.45	41.08	36.72	32.82

Write-Off and Delinquencies Experience

The following table sets forth information relating to the delinquency experience of LIPA during each of the calendar years referred to below.

Average Monthly Delinquencies of
Total Annual Billed Retail Electricity Delivery Service Revenues (in thousands)

	2020	2021	2022	2023	2024
30-59 Days	$40,872	$42,880	$49,952	$41,405	$42,358
60-89 Days	$20,006	$22,720	$26,032	$20,875	$18,974
90+ Days	$79,822	$141,606	$152,058	$85,315	$65,399

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APPENDIX B

Definitions

Terms not defined elsewhere in this Official Statement are used as defined in this Appendix B.

"2014 OSA" means the Amended and Restated Operations Services Agreement.

"2025 Restructuring Bonds" means the bonds to be issued by the Issuer pursuant to Financing Order No. 8.

"2025 Collateral" means as the context may require all of the Issuer's right, title and interest (whether owned at the Issuance Date or thereafter acquired or arising) in and to (a) the 2025 Restructuring Property (created pursuant to Sections 5 and 7 of the LIPA Reform Act and Ordering Paragraph 11 of Financing Order No. 8) transferred by the Seller to the Issuer pursuant to the Sale Agreement and all proceeds thereof, including 2025 Restructuring Charges as estimated, determined and adjusted from time to time pursuant to the Servicing Agreement in accordance with Financing Order No. 8, (b) the statutory lien pursuant to the Securitization Law, (c) the Sale Agreement, (d) the Servicing Agreement, (e) the Administration Agreement, (f) the Collection Account (including, subject to limitation set forth below, all subaccounts thereof) and all amounts or investment property on deposit therein or credited thereto from time to time, (g) the security interest with respect to the 2025 Restructuring Property granted by the Seller to the Issuer in the Sale Agreement, (h) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, securities accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind, and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing, and (i) all proceeds of the foregoing; it being understood that the following do not constitute 2025 Collateral: (1) any amounts required to be released pursuant to or contemplated by the terms of the Indenture and (2) proceeds from the sale of the 2025 Restructuring Bonds required to pay the purchase price of the 2025 Restructuring Property paid pursuant to the Sale Agreement and the Upfront Financing costs related to the 2025 Restructuring Bonds as deposited into the Upfront Financing Costs Subaccount (together with any interest earnings thereon).

"2025 Restructuring Charge" means an irrevocable, nonbypassable charge required to be paid by the Customers.

"2025 Restructuring Property" means all of the property, rights and interests, including the irrevocable right to impose, bill and collect the 2025 Restructuring Charges, of the Authority established pursuant to Financing Order No. 8 that are transferred to the Issuer pursuant to the Sale Agreement.

"2025 Restructuring Property Documentation" means all documents relating to the 2025 Restructuring Property, including copies of Financing Order No. 8 and all documents filed with the Authority in connection with any True-Up Adjustment and computational records relating thereto.

"Acquisition Discount" means the excess of the stated redemption price of a Short-Term Bond at maturity over the holder's tax basis therefor.

"Actual Charge Collections" means the Charge Collections actually deposited into the Allocation Account.

"Adjustment Notice" means any filing made with the Authority by the Servicer on behalf of the Issuer to set or adjust the 2025 Restructuring Charge, including the Issuance Advice Letter.

"Administration Agreement" means the Administration Agreement, expected to be dated as of the Issuance Date, between the Issuer and LIPA, as amended and supplemented from time to time.

"Administration Fee" means an annual fee of $100,000 entitled to the Administrator under the Administration Agreement.

"Administrator" means LIPA, or any successor administrator under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or

indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Aggregate Scheduled Debt Service" means, for any period and as of any date of calculation, an amount equal to the principal of and interest on any Outstanding 2025 Restructuring Bonds scheduled to be payable during such period, in accordance with the Expected Amortization Schedule.

"Allocation Account" means the deposit accounts or other accounts designated by the Authority from time to time and controlled by the Allocation Agent, into which all payments from or on behalf of Customers are deposited and from which transfers of estimated Charge Collections and Remittance Shortfalls are to be made to the Collection Account and transfers of Estimated Other Payments are to be made to appropriate accounts of the Authority. Initially, the Allocation Account shall refer to the clearing account[s] that have been established by the Authority with J.P. Morgan Chase Bank.

"Allocation Agent" means the entity designated by the Authority (which may be the Authority) that agrees to control the Allocation Account in trust for the benefit of the Trustee and the Authority Trustee, to accept all payments from or on behalf of Customers for deposit into the Allocation Account, to notify the Servicer on each Business Day of the amount deposited into the Allocation Account on the preceding Business Day, and, to the extent that funds are available in the Allocation Account, to transfer the estimated Charge Collections and Remittance Shortfalls from the Allocation Account to the Collection Account as instructed by the Servicer or the Trustee in writing and to transfer the Estimated Other Payments as instructed by the Authority or the Authority Trustee.

"Ancillary Agreement" means any bond, insurance policy, letter of credit, reserve account, surety bond, swap arrangement, hedging arrangement, liquidity or credit support arrangement, or other financial arrangement entered into in connection with the issuance or payment of the 2025 Restructuring Bonds.

"Annual True-Up Adjustment" means the adjustment to the 2025 Restructuring Charges that is required to be made annually pursuant to the True-Up mechanism.

"Authenticating Agent" means the Trustee and any agent appointed by the Trustee to serve in that role.

"Authority" means the Long Island Power Authority, a corporate municipal instrumentality of the State of New York, and any successor thereto.

"Authority Designee" means one or more officers of the Authority to review and approve, as and on behalf of the Authority, the Issuance Advice Letter, the pricing terms of the 2025 Restructuring Bonds, the amounts of the Restructuring Costs, expected Upfront Financing Costs and expected Ongoing Financing Costs, the net present value savings, the terms of the Basic Documents and take such other actions as are authorized in the final order.

"Authority Trustees" means the Authority's Board of Trustees.

"Back-Up Security Interest" means a security interest in the 2025 Restructuring Property to secure a payment obligation incurred by the Seller in respect of the amount paid by the Issuer to the Seller pursuant to the Sale Agreement.

"Bankruptcy Code" or "Federal Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. § 101 et seq.), as amended from time to time.

"Base Rate Revenues" include electricity usage service charges and demand service charges.

"Basic Documents" means, collectively, the Indenture, the Servicing Agreement, the Administration Agreement, the Sale Agreement, the Continuing Disclosure Agreement, and all other documents and certificates delivered in connection therewith.

"Beneficial Owner" or "beneficial owner" of a security means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, except that a person who in the ordinary course of business is a pledgee of securities under a written pledge agreement shall not be deemed to be the beneficial owner of such pledged securities until the pledgee has taken all formal steps to declare a default and determines that the power to dispose or to direct the disposition of such pledged securities will be exercised, provided that:

(a) the pledge agreement is bona fide,

(b) the pledgee is:

(i) a broker or dealer registered under § 15 of the Exchange Act,

(ii) a bank as defined in § 3(a)(6) of the Exchange Act,

(iii) an insurance company as defined in § 3(a)(19) of the Exchange Act,

(iv) an investment company registered under § 8 of the Investment Company Act,

(v) an investment adviser registered under § 203 of the Investment Advisers Act of 1940,

(vi) an employee benefit plan, or pension fund which is subject to the provisions of ERISA or an endowment fund,

(vii) a parent holding company, provided the aggregate amount held directly by the parent, and directly and indirectly by its subsidiaries which are not persons specified in items (A) through (F) of this clause (2) does not exceed 1% of the securities of the subject class, or

(viii) a group, provided that all the members are persons specified in items (A) through (G) of this clause (2), and

(c) the pledge agreement, prior to default, does not grant to the pledgee the power to dispose or direct the disposition of the pledged securities, other than the grant of such power(s) pursuant to a pledge agreement under which credit is extended subject to Regulation T (12 CFR 220.1 to 220.8) and in which the pledgee is a broker or dealer registered under § 15 of the Exchange Act.

"Bond Counsel" means Nixon Peabody LLP.

"Bond Interest Rate" means, with respect to any tranche of 2025 Restructuring Bonds, the Interest Rate specified in the Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated December __, 2025, between the Issuer and the underwriters named therein.

"Bond Register" means the register providing for the registration of the 2025 Restructuring Bonds and transfers and exchanges thereof.

"Bond Registrar" means the registrar at any time of the Bond Register. The initial Bond Registrar shall be the Trustee.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in New York, New York, are, or DTC is, authorized or obligated by law, regulation or executive order to remain closed.

"Charge Collections" means the payments of the 2025 Restructuring Charges by or on behalf of Customers.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Collection Account" means one or more segregated trust accounts in the Trustee's name for the deposit of 2025 Restructuring Property and all other amounts received with respect to the 2025 Collateral or under the Servicing Agreement.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, expected to be dated as of the Issuance Date, between the Issuer and LIPA as Servicer, a copy of a form of which is attached as Appendix F to this Official Statement.

"Corporate Trust Office" means the principal office of the Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the Issuance Date is located at The Bank of New York Mellon, 240 Greenwich Street, 7E, New York, New York 10286, or at such other address as the Trustee may designate from time to time by notice to the Holders of 2025 Restructuring Bonds and the Issuer, or the principal corporate trust office of any successor trustee by like notice.

"Customers" means all existing and future retail electric customers connected to the T&D System Assets and taking electric transmission or distribution service within the Service Area from LIPA, the Authority or any of its successors or assignees in the Service Area.

"Debt Service Reserve Subaccount" means one of two subaccounts of the Reserve Subaccount.

"Discount Bond" means any 2025 Restructuring Bonds having OID.

"DPS" means the New York Department of Public Service, the staff arm of the PSC.

"DTC" means The Depository Trust Company.

"Eligible Account" means a segregated trust account with an Eligible Institution.

"Eligible Institution" means (a) the corporate trust department of the Trustee or an Affiliate thereof so long as the Trustee or such Affiliate have (i) either a short-term deposit or issuer rating from Moody's of at least "P-1" and from Fitch of at least "F1" or a long-term unsecured debt or issuer rating from Moody's of at least "A2" and from Fitch of at least "A", and (ii) a short-term deposit or issuer rating from S&P of at least "A-1", or a long-term unsecured debt or issuer rating from S&P of at least "A"; or (b) a depository institution organized under the laws of the United States of America, any State or the District of Columbia (or any domestic branch of a foreign bank), (i) that has either (A) a long-term unsecured debt or issuer rating of "AA-" or higher by S&P, "A2" or higher by Moody's and "A" or higher by Fitch, or (B) a short-term (bank deposit) or issuer rating of "A-1" or higher by S&P, "P-1" or higher by Moody's and "F1" or higher by Fitch, and (ii) whose deposits are insured by the FDIC; provided, however, that if an Eligible Institution then being utilized for any purposes under the Indenture no longer meets the foregoing definition of Eligible Institution, then the Issuer shall replace such Eligible Institution within sixty (60) days of such Eligible Institution no longer meeting the definition of Eligible Institution.

"Eligible Investments" means instruments and investment property denominated in United States currency which meet the criteria described below and which mature on or before the Business Day immediately proceeding the next Payment Date:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America,

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of or bankers' acceptances issued by, any depository institution (including the Bond Trustee or any of its Affiliates, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by U.S. federal or State banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit or contractual commitment, rated at least "A-1", "P-1" and "F1" or their equivalents by each of S&P, Moody's and Fitch, respectively, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Bonds,

(c) commercial paper (including commercial paper of the Trustee, acting in its commercial capacity), which, at the time of purchase is rated at least "A-1", "P-1" and "F1" or their equivalents by each of S&P, Moody's and Fitch, respectively, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Bonds,

(d) investments in money market funds which have a rating in the highest investment category granted thereby (including funds for which the Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and Fitch ,

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with Eligible Institutions,

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or a registered broker/dealer, acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if Fitch provides a rating thereon, "F-1+" by Fitch at the time of entering into this repurchase obligation, or

(ii) an unrated broker/dealer acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are

rated at least "P-1" by Moody's, "A-1+" by S&P and, if Fitch provides a rating thereon, "F-1+" by Fitch at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company, and

(g) any other investment described in an Issuer Order, upon the satisfaction of the Rating Agency Condition.

Notwithstanding the foregoing: (a) no securities or investments which mature in 30 days or more will be Eligible Investments unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and has at least a debt rating of "F1+" or "AA-" from Fitch; (b) no securities or investments described in clauses (b) through (d) above which have maturities of more than 30 days but less than or equal to 3 months will be Eligible Investments unless the issuer thereof has a long-term unsecured debt rating of at least "Aa3" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; (c) no securities or investments described in clauses (b) through (d) above which have maturities of more than 3 months will be Eligible Investments unless the issuer thereof has a long-term unsecured debt rating of at least "Aa3" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; (d) no securities or investments described in clauses (b) through (d) above which have a maturity of 60 days or less will be Eligible Investments unless such securities have a rating from S&P of at least "A-1+"; and (e) no securities or investments described in clauses (b) through (d) above which have a maturity of 365 days or less will be Eligible Investments unless such securities have a rating from S&P of at least "AA-", "A-1+" or "AAAm".

"EMMA" means the Electronic Municipal Market Access system.

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

"Estimated Charge Collections" means the estimated Charge Collections calculated as provided in Annex 2 of the Servicing Agreement.

"Estimated Other Payments" means all payments by or on behalf of Customers other than estimated Charge Collections and any Remittance Shortfalls net of any Excess Remittance.

"Events of Default" means the following, as more fully described in this Official Statement under the heading "THE INDENTURE—Events of Default":

- a failure to pay interest or redemption premium when due (after a cure period),
- a failure to pay principal on the Final Maturity Date,
- a failure to perform a covenant (after a cure period),
- a breach of representations or warranties (after a cure period),
- a voluntary or involuntary bankruptcy Proceeding of the Issuer, or
- an action in violation of Financing Order No. 8 or the State Pledge.

"Excess Funds Subaccount" means one of the four subaccounts of the Collection Account.

"Excess Remittance" means the amount, if any, calculated for a particular Reconciliation Period, by which all Estimated Charge Collections remitted to the Collection Account during such Reconciliation Period exceed Actual Charge Collections received by the Servicer during such Reconciliation Period.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Expected Amortization Schedule" means the schedule specifying for each tranche the initial principal amount, the Bond Interest Rate, Scheduled Maturity Date and Final Maturity Date, including the Expected Sinking Fund Schedule for the Term Bonds and the matters specified in the definition thereof, as each appear in this Official Statement under the heading "THE 2025 RESTRUCTURING BONDS—Expected Amortization Schedule" and/or on the inside cover page.

"Expected Sinking Fund Schedule" means a schedule specifying for the Term Bonds, the Scheduled Sinking Fund Redemption Dates, scheduled Outstanding Amounts, scheduled Sinking Fund Payments and minimum

remaining Outstanding Amounts, as it appears in this Official Statement under the heading "THE 2025 RESTRUCTURING BONDS—Redemption–Mandatory Sinking Fund Redemption; Expected Sinking Fund Schedules."

"FDIC" means the Federal Deposit Insurance Corporation or any successor thereto.

"Fiduciary" means the Trustee, the Bond Registrar and each Paying Agent.

"Final Maturity Date" means, with respect to any tranche of 2025 Restructuring Bonds, the respective Final Maturity Date therefor as it appears in the Expected Amortization Schedule in, and on the inside cover page of, this Official Statement.

"Financing Costs" means the Upfront Financing Cost, Ongoing Financing Cost and any of the following:

(a) interest, principal, and redemption premiums that are payable on the 2025 Restructuring Bonds,

(b) any payment required under an Ancillary Agreement and any amount required to fund or replenish reserve (including the Operating Reserve Subaccount and the Debt Service Reserve Subaccount) or other accounts established under the terms of the Indenture or any Ancillary Agreement, or other financing documents pertaining to the 2025 Restructuring Bonds,

(c) any federal, state or local taxes, payment in lieu of taxes, franchise fees or license fees imposed on transition charge revenues, and

(d) any cost related to issuing 2025 Restructuring Bonds, administering the Issuer and servicing 2025 Restructuring Property and 2025 Restructuring Bonds, or related to the efforts to prepare or obtain approval of Financing Order No. 8, including, without limitation, costs of calculating adjustments of 2025 Restructuring Charges, Servicing Fees and expenses, Trustee fees and expenses, legal fees and expense, accounting fees and expenses, Administration Fees and expenses, placement fees, underwriting fees, fees and expenses of the Authority's advisors and outside counsel, if any, Rating Agency fees and any other related cost that is approved for recovery in Financing Order No. 8.

"Financing Order No. 8" means the restructuring cost Financing Order No. 8 adopted by the Authority Trustees on May 18, 2022, which became irrevocable, final and non-appealable on June 17, 2022.

"Financing Party" means any Holder, any party to or beneficiary of an Ancillary Agreement, and any Fiduciary or other Person acting for the benefit of any of the foregoing pursuant to the Indenture.

"Fitch" means Fitch Ratings, Inc., or any successor to its ratings business. References to Fitch are effective as long as Fitch is a Rating Agency.

"General Resolution" means the Authority's Electric General Bond Resolution adopted on May 13, 1998.

"General Subaccount" means one of the four subaccounts of the Collection Account.

"Governmental Authority" means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative function of government.

"HEFPA" means the Home Energy Fair Practices Act.

"Holder" or "Bondholder" means the Person in whose name a 2025 Restructuring Bond is registered on the Bond Register, and to the extent specified by the Indenture, the owners of bearer 2025 Restructuring Bonds.

"Indenture" or "Trust Indenture" means the Utility Debt Securitization Authority Bond Indenture dated as of the Issuance Date, by and between the Issuer and the Trustee.

"Independent" means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer, any other obligor upon the 2025 Restructuring Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

"Independent Certificate" means a certificate or opinion to be delivered to the Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of the Basic Documents, made by an Independent appraiser or other expert appointed by an Issuer order and consented to by the Trustee, and such opinion or certificate shall state that the signer has read the preceding definition of "Independent" and that the signer is Independent within the meaning thereof.

"Insolvency Event" means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days, or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

"Interest Rate" means the interest rate on any Bond.

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

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Investment Earnings" means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

"IRS" means the Internal Revenue Service.

"Issuance Advice Letter" means the Issuance Advice Letter sent by the Servicer to the Issuer and the Authority pursuant to Financing Order No. 8.

"Issuance Costs" means any of the following:

(a) any initial payment made on issuance of the 2025 Restructuring Bonds, and any amount required to fund any account required by the Basic Documents in the amounts specified in the Basic Documents, and

(b) any other costs related to issuance of 2025 Restructuring Bonds, including trustees fees, legal fees and expenses, consulting fees, administrative fees, accounting fees, printing fees, financial advisor fees and expenses, issuer fees, placement and underwriter fees and expenses, capitalized interest, rating agency fees and expenses, stock exchange listing and compliance fees, and filing fees, including costs related to obtaining a financing order.

"Issuance Date" means the date the 2025 Restructuring Bonds are authenticated and delivered by the Trustee to or upon the order of the Issuer.

"Issuer" means the Utility Debt Securitization Authority, including any successor thereto.

"Issuer Order" means a written order signed in the name of the Issuer by any one of its authorized officers and delivered to the Trustee.

"Issuer's Annual Report" means an annual report of the Issuer, including, to the extent available, audited annual financial statements.

"kWh" means kilowatt-hour.

"Legal Defeasance" means the ability of the Issuer to terminate all its obligations under the Indenture with respect to the 2025 Restructuring Bonds in certain circumstances.

"Lien" means a security interest, lien, mortgage, charge, pledge, claim, or encumbrance of any kind.

"LILCO" means the Long Island Lighting Company.

"LIPA" means the Long Island Lighting Company, d/b/a LIPA.

"LIPA Reform Act" means the whole of Chapter 173, Laws of New York, 2013, as amended.

"Long Island Choice" means a retail choice program adopted by the Authority in 1998.

"Losses" means (i) any and all amounts of principal and interest on the 2025 Restructuring Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic Documents or Financing Order No. 8 which are not made when so required and (ii) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

"Mandatory Mid-Year True-Up Adjustment" means the adjustment to the 2025 Restructuring Charges made if after the Mid-Year Review the Servicer projects that the Charge Collections will be insufficient to pay timely principal and interest on the 2025 Restructuring Bonds when due during such Mid-Year Calculation Period pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs during such Mid-Year Calculation Period. The adjustment will become effective on May 15 of such year as the Servicer files its Adjustment Notice.

"Mid-Year Calculation Period" means the period beginning on the June 16 and ending on the following June 15.

"Mid-Year Review" means a mid-year review performed by the Servicer pursuant to the terms of the Servicing Agreement.

"Monthly Servicer Certificate" means the certificate delivered by the Servicer to the Allocation Agent, the Issuer, the Authority and the Bond Trustee on or before the 13th business day of each calendar month, commencing as set forth in the Servicing Agreement.

"Moody's" means Moody's Investors Service, Inc., or any successor to its ratings business. References to Moody's are effective as long as Moody's is a Rating Agency.

"MSRB" means the Municipal Securities Rulemaking Board.

"MW" means megawatt.

"MWh" means megawatt-hour.

"National Grid" means National Grid plc, a multi-national electric and gas utility company.

"National Grid Subs" means certain of the subsidiaries of National Grid.

"Notice of Default" means either (i) written notice, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25 percent of the Outstanding Amount of the 2025 Restructuring Bonds, specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder or (ii) the date the Issuer has actual knowledge of the default.

"NRSRO" means a nationally recognized statistical rating organization.

"Officer's Certificate" means a certificate signed by a Responsible Officer of the Issuer (or, if so indicated, the Borrower or another Person) under the circumstances described in, and otherwise complying with, the applicable requirements of the Basic Documents, and delivered to the Trustee.

"OID" means the excess of the sum of all amounts payable at the stated maturity of a 2025 Restructuring Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity.

"Ongoing Financing Costs" means all Financing Costs other than Issuance Costs.

"Operating Expenses" means all Ongoing Financing Costs other than principal (including amortization, sinking fund or redemption payments) and redemption premium, if any, and interest on the 2025 Restructuring Bonds and amounts required to replenish each of the subaccounts within the Reserve Subaccount.

"Operating Reserve Subaccount" means one of two subaccounts of the Reserve Subaccount.

"Opinion of Counsel" means one or more written opinions of legal counsel who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such Opinion of Counsel, which counsel shall be reasonably acceptable to the party receiving such Opinion of Counsel, and which opinion shall be in form and substance reasonably satisfactory to such party. As to any factual matters involved in an Opinion of Counsel, such counsel may rely, to the extent that they deem such reliance proper, upon a certificate or certificates setting forth such matters which have been signed by an official, officer, general partner or authorized representative of a particular Governmental Authority, corporation, firm or other Person or entity.

"Optional True-Up Adjustment" means an adjustment to the 2025 Restructuring Charges permitted to be made pursuant to the True-Up Adjustment mechanism.

"OSA" means the Second Amended and Restated Operations Services Agreement by and between LIPA and PSEG Long Island, effective April 1, 2022, as further amended from time to time.

"Outstanding" means, as of the date of determination, all 2025 Restructuring Bonds theretofore authenticated and delivered under the Indenture except:

(a) 2025 Restructuring Bonds theretofore canceled by the Bond Registrar or delivered to the Bond Registrar for cancellation,

(b) 2025 Restructuring Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Holders of such 2025 Restructuring Bonds, and

(c) 2025 Restructuring Bonds in exchange for or in lieu of other bonds which have been issued pursuant to the Indenture unless proof satisfactory to the Trustee is presented that any such bonds are held by a bona fide purchaser;

provided, however, that in determining whether the Holders of the requisite Outstanding Amount of the 2025 Restructuring Bonds or any tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or under any Basic Document, 2025 Restructuring Bonds owned by the Issuer, the Seller or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only 2025 Restructuring Bonds that the Trustee actually knows to be so owned shall be so disregarded. 2025 Restructuring Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such 2025 Restructuring Bonds and that the pledgee is not the Issuer, any other obligor upon the 2025 Restructuring Bonds, the Seller or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all 2025 Restructuring Bonds or, if the context requires, all 2025 Restructuring Bonds of a tranche, Outstanding at the date of determination.

"PACB" means the New York Public Authorities Control Board, and any successor thereto.

"Paying Agent" or "paying agent" means the Trustee or any successor paying agent or co-paying agent serving as such under the Indenture. If at any time there is no qualified paying agent serving as such, the Trustee shall act as paying agent under the Indenture.

"Payment Date" means June 15 and December 15 of each year and the Final Maturity Date of any 2025 Restructuring Bond, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on June 15, 2026 and continuing until the earlier of repayment of the 2025 Restructuring Bonds in full or the respective Final Maturity Date.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof, and includes successors permitted by the Basic Documents.

"Performance Metrics" mean those metrics as defined pursuant to the OSA.

"PFM" means PFM Financial Advisors LLC.

"Premium Bond" means a premium over the sum of all amounts payable on the 2025 Restructuring Bonds after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates).

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Protected Purchaser" has the meaning specified in Section 8-303 of the UCC.

"PSC" means New York State Public Service Commission.

"PSEG" means Public Service Enterprise Group Incorporated.

"PSEG Long Island" generally means PSEG Long Island LLC, the contracting party under the OSA and its wholly-owned subsidiary dedicated to LIPA's operations.

"Quarterly True-Up Adjustment" means an adjustment to the 2025 Restructuring Charges required to be made quarterly if there are any 2025 Restructuring Bonds outstanding following the last Scheduled Maturity Date of the 2025 Restructuring Bonds.

"Rating Agency" means collectively Moody's, S&P and Fitch. If no such organization or successor is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Trustee and the Servicer.

"Rating Agency Condition" means, with respect to any action, not less than ten Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each Rating Agency to the Servicer, the Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any tranche of the 2025 Restructuring Bonds and that prior to the taking of the proposed action no other Rating Agency shall have provided written notice to the Issuer that such action has resulted or would result in the suspension, reduction or withdrawal of the then current rating of any tranche of 2025 Restructuring Bonds; provided, however, that if within such ten Business Day period, any Rating Agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (i) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request, and if it has, promptly request the related Rating Agency Condition confirmation and (ii) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency.

"Reconciliation Period" means the twelve-month period ending the last day of the Collection Period preceding the calculation of Remittance Shortfalls or Excess Remittances under the Servicing Agreement; provided, that the initial Reconciliation Period shall commence on the Issuance Date and may be less than twelve months.

"Record Date" means, with respect to a Payment Date, the close of business on the Business Day next preceding such Payment Date; provided, however, that if the 2025 Restructuring Bonds cease to be held in DTC's book-entry only system, the Record Date will be the last Business Day of the calendar month immediately preceding such Payment Date.

"Refunded Debt" means the Issuer's Prior Restructuring Bonds listed in Appendix G hereto, which the Authority expects to purchase, redeem, repay or defease with the proceeds from the sale of the 2025 Restructuring Property.

"Retired Debt" means certain of the debt of the Issuer that was Outstanding on the Issuance Date and that will be purchased, redeemed, repaid, or defeased with the proceeds of the sale of the 2025 Restructuring Property by the Authority.

"Remittance" means each transfer of estimated Charge Collections or Remittance Shortfalls from the Allocation Account to the Collection Account.

"Remittance Date" means each Business Day on which a Remittance is to be made by the Servicer pursuant to the Servicing Agreement.

"Remittance Shortfall" means the amount, if any, calculated for a particular Reconciliation Period, by which Actual Charge Collections received by the Servicer during such Reconciliation Period exceed all Estimated Charge Collections remitted to the Collection Account during such Reconciliation Period.

"Required Debt Service Reserve Level" means, as of any date of calculation, an amount equal to the greater of (i) (a) 0.50% of the aggregate principal amount of 2025 Restructuring Bonds then outstanding minus (b) the minimum principal amount of 2025 Restructuring Bonds shown as being expected to be paid on the Expected Amortization Schedule on any single Payment Date subsequent to such date of calculation and (ii) $0. For the avoidance of doubt, to the extent that no principal amount is shown as being expected to be paid on the Expected Amortization Schedule on any single Payment Date subsequent to a date of calculation, the minimum principal amount of 2025 Restructuring Bonds shown as being expected to be paid on the Expected Amortization Schedule on any single Payment Date subsequent to such date of calculation for purposes of calculating the Required Debt Service Reserve Level will be $0.

"Required Operating Reserve Level" means, as of any date of calculation, an amount equal to 0.50% of the aggregate principal amount of the 2025 Restructuring Bonds originally issued; provided, however, that if any 2025 Restructuring Bonds are retired (whether by purchase, redemption, repayment or defeasance, or any combination of the foregoing), on and after the date that provision for the payment of the 2025 Restructuring Bonds has been made in connection with such purchase, redemption, repayment or defeasance, the Required Operating Reserve Level shall be equal to 0.50% of the Outstanding Amount of the 2025 Restructuring Bonds immediately after such date.

"Required Reserve Level" means, as of any date of calculation, the sum of the Required Debt Service Reserve Level and the Required Operating Reserve Level.

"Reserve Subaccount" means one of the four subaccounts of the Collection Account, consisting of the two Subaccounts: the Operating Reserve Subaccount and the Debt Service Reserve Subaccount.

"Responsible Officer" means, with respect to (a) the Issuer, any officer of the Issuer who is authorized to act for the Issuer in matters relating to the Issuer and who is identified on the list of Responsible Officers delivered by the Issuer to the Trustee on the Issuance Date (as such list may be modified or supplemented by the Issuer from time to time thereafter), (b) the Servicer, the President, any Vice President, the Treasurer, an Assistant Treasurer or any duly authorized officer, (c) the Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, Assistant Vice President, Secretary or Assistant Treasurer, Trust Officer or any other officer of the Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject), (d) any other corporation, the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, the Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances, (e) any partnership, any general partner thereof, and (f) any other Person (other than an individual), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

"Restructuring Costs" means the amount of debt retirement costs and Upfront Financing Costs that the Authority proposes to pay through the sale of the 2025 Restructuring Property and the issuance of the 2025 Restructuring Bonds.

"Rule 15c2-12" or the "Rule" means Rule 15c2-12 of the SEC under the Securities Exchange Act of 1934, as amended.

"Sale Agreement" means Restructuring Property Purchase and Sale Agreement, expected to be dated as of the Issuance Date, between the Issuer and the Seller.

"Scheduled Maturity Date" means, with respect to each tranche of 2025 Restructuring Bonds, the date when all interest and principal are scheduled to be paid with respect to that tranche in accordance with the Expected Amortization Schedule, as specified in the Indenture. For the avoidance of doubt, the Scheduled Maturity Date with respect to any tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such tranche.

"Scheduled Payment Date" means each Payment Date on which the principal of the 2025 Restructuring Bonds is scheduled to be paid.

"Scheduled Sinking Fund Payment" means, with respect to the Term Bonds, the Scheduled Sinking Fund Payment therefor as specified in the Expected Sinking Fund Schedule.

"Scheduled Sinking Fund Redemption Date" means, with respect to the Term Bonds, the Scheduled Sinking Fund Redemption Date therefor as specified in the Expected Sinking Fund Schedule.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Depository" means DTC, or its nominee, and its successors.

"Securitization Law" means Part B of the LIPA Reform Act, as amended.

"Seller" means the Authority in its capacity as the seller of the 2025 Restructuring Property.

"Semi-annual Servicer Certificate" means a certificate to be provided by the Servicer to the Issuer, the Trustee, each Rating Agency and the Authority, at least one Business Day before each Payment Date, and indicating:

(a) the amount to be paid to the Holders of each tranche in respect of principal on such Payment Date in accordance with the Indenture,

(b) the amount to be paid to the Holders of each tranche in respect of interest on such Payment Date in accordance with the Indenture,

(c) the projected bond balance and the bond balance for each tranche as of that Payment Date (after giving effect to the payments on such Payment Date),

(d) the amounts on deposit in the Reserve Subaccount (including the Operating Reserve Subaccount and the Debt Service Reserve Subaccount) as of that Payment Date (after giving effect to the transfers to be made from or into the Reserve Subaccount on such Payment Date)

(e) the amounts, if any, on deposit in the Excess Funds Subaccount as of that Payment Date (after giving effect to the transfers to be made from or into the Excess Funds Subaccount on such Payment Date),

(f) the amounts paid to the Trustee since the preceding Payment Date pursuant to the Indenture,

(g) the amounts paid to the Servicer since the preceding Payment Date pursuant to the Indenture, and

(h) the amount of any other transfers and payments to be made on such Payment Date pursuant to the Indenture.

"Serial Bonds" means Tranche-__ through Tranche-__ of the 2025TE-1 Restructuring Bonds (Green Bonds) and Tranche-__ through Tranche-__ of the 2025TE-2 Restructuring Bonds, which are not Term Bonds.

"Service Area" means the two counties on Long Island — Nassau County ("Nassau County") and Suffolk County ("Suffolk County") (except for the Nassau County villages of Freeport and Rockville Centre and the Suffolk County village of Greenport, each of which has its individually-owned municipal electric system) — and a portion of the Borough of Queens of The City of New York known as the Rockaways where the Authority provides electric service. For purposes of the 2025 Restructuring Bonds and the collection of the 2025 Restructuring Charges, the "Service Area" is defined by the Securitization Law as the service area of LIPA as of July 29, 2013.

"Servicer" means LIPA or any subsequent owner of the T&D System Assets.

"Servicer Compliance Certificate" means the annual compliance certificate provided by the Servicer pursuant to the Servicing Agreement.

"Servicer Default" means the occurrence of any one of the following events:

(a) any failure by the Servicer to cause payments by or on behalf of Customers received by the Servicer from 2025 Restructuring Charges to be deposited into the Allocation Account or any failure to cause the Allocation Agent to transfer to the Trustee any required Remittance and cause other amounts received from 2025 Collateral to be deposited to the Collection Account that shall continue unremedied for a period of five (5) Business Days after written notice of such failure is received by the Servicer from the Issuer or the Trustee, or

(b) any failure by the Servicer duly to observe or perform in any material respect any other covenant or agreement of the Servicer set forth in the Servicing Agreement, which failure:

(i) materially and adversely affects the 2025 Restructuring Property or the rights of the Bondholders, and

(ii) continues unremedied for a period of 60 days after written notice of such failure has been given to the Servicer by the Issuer, the Authority, the Allocation Agent, the Administrator or the Trustee or after discovery of such failure by an officer of the Servicer, or

(c) any representation or warranty made by the Servicer in the Servicing Agreement proves to have been incorrect when made, which has a material adverse effect on the Issuer or the Bondholders and which material adverse effect continues unremedied for a period of 60 days after the date on which written notice thereof has been given to the Servicer by the Issuer, the Authority or the Trustee or after discovery of such failure by an officer of the Servicer, as the case may be, or

(d) an Insolvency Event occurs with respect to the Servicer.

"Servicing Agreement" means the Restructuring Property Servicing Agreement, expected to be dated as of the Issuance Date, between the Issuer and the Servicer, as the same may be amended and supplemented from time to time.

"Servicing Fee" means the annual compensation the Issuer will pay to the Servicer for all obligations of the Servicer to be performed under the Servicing Agreement. As long as LIPA is the Servicer, the Servicing Fee shall be 0.05% of the aggregate initial principal amount of the 2025 Restructuring Bonds. The Servicing Fee for any Successor Servicer not affiliated with the owner of the T&D System Assets or performing similar services for the owner of the T&D System Assets may be higher than the Servicing Fee for LIPA; provided, however, that any Servicing Fee in excess of 0.60% of the aggregate initial principal amount of the 2025 Restructuring Bonds shall be subject to approval by the Authority and the Trustee.

"Short-Term Bond" means a 2025 Restructuring Bond with a maturity not longer than one year.

"Sinking Fund Payment" means a payment upon redemption of the Term Bonds on a Payment Date as specified in the applicable Expected Sinking Fund Schedule set forth under "THE 2025 RESTRUCTURING BONDS—Redemption—Mandatory Sinking Fund Redemption; Expected Sinking Fund Schedules," or a payment without redemption prior to maturity that reduces the Outstanding Amount of such Term Bond to zero.

"S&P" means S&P Global Ratings, a division of S&P Global Inc., or any successor to its ratings business. References to S&P are effective so long as S&P is a Rating Agency.

"State" means the State of New York.

"State Pledge" means the pledge of the State of New York as described in "THE SECURITIZATION LAW—State Pledge" in this Official Statement.

"Subaccounts" means the subaccounts of the Collection Account, including, without limitation, the subaccounts of the Reserve Subaccount, as described in this Official Statement.

"Subordinated General Resolution" means the Authority's Electric System General Subordinated Revenue Bond Resolution adopted on May 20, 1998.

"Successor Servicer" is a successor to the Servicer designated or appointed pursuant to the terms of the Servicing Agreement.

"System Resiliency Costs" has the meaning given such term in the Securitization Law.

"T&D System" is the electric transmission and distribution system retained by the Authority as part of the acquisition in 1998.

"T&D System Assets" means the physically integrated system of electric transmission and distribution facilities (and other general property and equipment in connection therewith) owned by the Authority as of July 29, 2013, or thereafter acquired for use by the Authority or its successors in providing retail electric delivery to Customers in the Service Area.

"Termination Notice" means written notice by the Trustee or the Holders of a majority of the outstanding principal amount of the 2025 Restructuring Bonds to the Servicer (and the Trustee if given by the Holders) terminating all the rights and obligations (other than the indemnity obligations and the obligation to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under the Servicing Agreement.

"Term Bonds" means 2025 Restructuring Bonds the retirement of which shall be provided for from scheduled periodic redemptions prior to maturity. The 2025TE-1 Restructuring Bonds (Green Bonds) Tranche-__ through Tranche-__ and the 2025TE-2 Restructuring Bonds Tranche-__ through Tranche-__ are Term Bonds.

"Tranche" means all Bonds designated as being of the same Series and tranche issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

"Treasury Regulations" means the regulations, including proposed or temporary regulations, promulgated under the Internal Revenue Code. References to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

"True-Up" means a mechanism required by the Securitization Law and Financing Order No. 8 whereby the Servicer will provide a notice to the Issuer and the Authority of an intention to make an adjustment to the applicable 2025 Restructuring Charges based on actual collected 2025 Restructuring Charges and updated assumptions by the Servicer as to future collections of 2025 Restructuring Charges.

"True-Up Adjustment" means each of the Annual True-Up Adjustment, the Mandatory Mid-Year True-Up Adjustment, the Voluntary Mid-Year True-Up Adjustment and the Optional True-Up Adjustment.

"Trust Estate" means the 2025 Collateral pledged to the Trustee.

"Trustee" means The Bank of New York Mellon.

"UCC" means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the State of New York, as amended from time to time.

"Underwriter" means each underwriter of the 2025 Restructuring Bonds.

"Unsolicited Ratings" means ratings on the 2025 Restructuring Bonds issued by an NRSRO other than the NRSRO hired by the seller.

"Upfront Financing Cost" means the expenses associated with preparing and obtaining approval of Financing Order No. 8, the funding of the Operating Reserve Subaccount, the Debt Service Reserve Subaccount and the fees and expenses associated with the structuring, marketing and issuance of the 2025 Restructuring Bonds, including counsel fees payable by the Authority, the Issuer or the Underwriters, advisory fees payable by the Authority, underwriting fees and expense, original issue discount, rating agency fees, Trustee fees (including counsel fees), escrow agent fees, accounting and auditing fees, printing and marketing expenses, compliance fees, filing fees, listing fees, bond issuance charges, fees and expenses of the Authority's advisors and outside counsel, any taxes or payments in lieu of taxes payable by the Issuer or the Authority with respect to the issuance of the 2025 Restructuring Bonds or the sale of the 2025 Restructuring Property and the amounts advanced by the Authority or the Issuer for the payment of any of the foregoing.

"Upfront Financing Costs Subaccount" means one of the four subaccounts of the Collection Account.

"Voluntary Mid-Year True-Up Adjustment" means the adjustment to the 2025 Restructuring Charges made if after the Mid-Year Review the Servicer determines that a Mandatory Mid-Year True-Up is not required but nevertheless voluntarily elects to file a Notice of Adjustment (i) to correct for any over-collections to date and anticipated to be experienced up to the end of the following Mid-Year Calculation Period and (ii) to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the 2025 Restructuring Bonds when due pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs, in each case during such Mid-Year Calculation Period. The adjustment will become effective on May 15 of such year as the Servicer files its Adjustment Notice.

"Written Notice", "written notice" or "notice in writing" means notice in writing which may be delivered by hand or first class mail and also means electronic transmission.

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APPENDIX C

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

December __, 2025

Utility Debt Securitization Authority
c/o Long Island Power Authority
333 Earle Ovington Boulevard
Uniondale, New York 11553

Ladies and Gentlemen:

We have acted as Bond Counsel to the Utility Debt Securitization Authority (the "Bond Issuer") in connection with the issuance of $_____ Restructuring Bonds, Series 2025TE-1 (Green Bonds) and $_____ Restructuring Bonds, Series 2025TE-2 (the "Bonds") by the Bond Issuer, a special purpose corporate municipal instrumentality of the State of New York (the "State") constituting a body corporate and politic, a political subdivision of the State and a public benefit corporation. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The Bonds are authorized and issued pursuant to Part B of Chapter 173 of the Laws of New York, 2013, as amended by Chapter 58 of the Laws of New York, 2015 and as further amended by Chapter 369 of the Laws of New York, 2021 (the "Act"), a resolution of the Bond Issuer adopted December 16, 2024 (the "Resolution"), and a Bond Indenture, dated as of December __, 2025 (the "Bond Indenture"), by and between the Bond Issuer and The Bank of New York Mellon, as trustee (the "Bond Trustee"). The Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Bond Indenture.

Capitalized terms used herein and not defined herein are used as defined in the Bond Indenture.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Bond Indenture, the Sale Agreement, the Servicing Agreement and the Tax Certificates as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the date hereof, delivered by the Bond Issuer and the Long Island Power Authority (the "Authority") together with its subsidiary Long Island Lighting Company d/b/a LIPA ("LIPA") (collectively, the "Tax Certificates"), the Bond Issuer, the Authority and LIPA have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Bond Issuer, the Authority and LIPA have made certain representations and certifications in the Tax Certificates. We will not independently verify the accuracy of those representations and certifications.

We have relied, with your consent, upon the opinion of Ballard Spahr LLP, counsel to the Bond Trustee, as to the enforceability of the Bond Indenture against the Bond Trustee.

Based upon and subject to the foregoing, and in reliance thereon, and subject to the limitations set forth below, we are of the opinion that:

1. The Bond Issuer is duly created and is validly existing as a special purpose corporate municipal instrumentality, constituting a body corporate and politic, a political subdivision of the State and

a public benefit corporation, under the laws of the State, including the Act. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. Pursuant to the Act, the Bond Issuer has the power and authority to adopt the Resolution, to execute and deliver the Bond Indenture, the Sale Agreement, the Servicing Agreement and the Administration Agreement and to issue the Bonds.

3. The Resolution has been duly adopted by the Bond Issuer.

4. The Bond Indenture has been duly authorized, executed and delivered by the Bond Issuer and is a valid and binding agreement of the Bond Issuer, enforceable against the Bond Issuer in accordance with its terms.

5. The Bonds have been duly and validly authorized and issued by the Bond Issuer in accordance with provisions of the Act and the Bond Indenture and are valid and binding obligations of the Bond Issuer, payable only out of the Collateral pledged for such payment by the Bond Issuer under the Bond Indenture, subject to the provisions of the Bond Indenture permitting the prior application of moneys held under the Bond Indenture for the purposes and on the terms and conditions set forth therein.

6. By operation of subdivision 2 of Section 7 of the Act, the provisions of the Bond Indenture create a first priority Statutory Lien on the Collateral in favor of the Bond Trustee for the benefit of the Bondholders, and the Statutory Lien is valid, perfected and enforceable against the Bond Issuer and all third parties without any further public notice. The description of the Restructuring Property in the Bond Indenture is sufficient for purposes of the Statutory Lien and the Act.

7. Pursuant to the Act, no Bond shall constitute a debt, general obligation or a pledge of the faith and credit or taxing power of the State or of any county, municipality or any other political subdivision, agency or instrumentality of the State. The Act further provides that the issuance of the Bonds does not obligate the State or any county, municipality or any other political subdivision, agency or instrumentality of the State to levy any tax or make any appropriation for payment of the principal of or interest on the Bonds.

8. The Sale Agreement, the Servicing Agreement and the Administration Agreement (the "Ancillary Agreements") are valid and binding agreements of the Bond Issuer, enforceable against the Bond Issuer in accordance with their respective terms.

9. Any authorization by, registration with, consent of, or approval by, any governmental agency, board, or commission that is necessary for the execution, delivery and issuance by the Bond Issuer of the Bonds, and the execution and delivery by the Bond Issuer of the Bond Indenture and the Ancillary Agreements, has been obtained.

10. Under existing law, assuming compliance with the tax covenants described herein, and the accuracy of the aforementioned representations and certifications, interest on the Bonds (including any original issue discount properly allocable thereto) is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

11. Under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York, and the Bonds are exempt from all taxation directly imposed thereon by or under the authority of the State, except estate or gift taxes and taxes on transfers.

The opinions contained in paragraphs 2, 4, 5, 6 and 8 above are qualified only to the extent that the enforceability of the Bonds, the Bond Indenture and the Ancillary Agreements may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws heretofore or hereafter enacted and judicial decisions relating to or affecting the enforcement of creditors' rights or remedies or contractual obligations generally and is

subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Except as stated in paragraphs 10 and 11 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of any other counsel.

We have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Further, although interest on the Bonds is not included in gross income for purposes of federal income taxation, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Bond depending upon the tax status of such holder and such holder's other items of income and deduction.

In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the Bond Issuer, the Authority or the State other than the record of proceedings referred to above, and we express no opinion as to the adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Bonds.

This opinion is rendered solely with regard to the matters expressly opined on above and no other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

We have examined an executed Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

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APPENDIX D
PROPOSED FORM OF OPINION OF BOND COUNSEL
RELATING TO NEW YORK AND FEDERAL CONSTITUTIONAL MATTERS

December __, 2025

To Each Person Listed on
the Attached Schedule I

Re: Utility Debt Securitization Authority Restructuring Bonds, Series 2025;
Certain Federal and New York State Constitutional and Statutory Issues

Ladies and Gentlemen:

We have acted as bond counsel to the Utility Debt Securitization Authority (the "Bond Issuer") and the Long Island Power Authority (the "Authority") in connection with the issuance of the Bond Issuer's Utility Debt Restructuring Bonds, Series 2025 (the "Bonds") described below, the proceeds of which will be used by the Bond Issuer to purchase from the Authority all of the Authority's right, title and interest in certain restructuring property (as so transferred, the "Restructuring Property"), as more fully described below, and the other related transactions referred to and described below.

The Bonds will be secured by a statutory lien on and a security interest in the Restructuring Property, together with certain other property of the Bond Issuer. Generally, "restructuring property" is a property right created under Part B of Chapter 173 of the Laws of New York, 2013, as amended by Chapter 58 of the Laws of New York, 2015 and by Chapter 369 of the Laws of New York, 2021 (the "Statute"), pursuant to a restructuring cost financing order adopted by the Authority. The Authority approved and adopted Restructuring Cost Financing Order No. 8 on May 18, 2022 (the "Financing Order No. 8"), that, among other things, authorized the creation and sale of the Restructuring Property, which includes the irrevocable right to impose, bill, collect and receive certain non-bypassable transition charges (as adjusted from time to time pursuant to Financing Order No. 8, the "Charges") from all individuals and legally-recognized entities taking electric delivery service in the geographic area within which Long Island Lighting Company, doing business under the name LIPA ("LIPA"), provided electric transmission and distribution service as of July 29, 2013 (such individuals and entities, the "Customers," and such geographic area, the "Service Area").

The Bond Issuer was created by Section 4 of the Statute on July 29, 2013, as a special purpose corporate municipal instrumentality, body corporate and politic, political subdivision and public benefit corporation of the State of New York (the "State").

THE TRANSACTION

On the date hereof, the Authority is selling the Restructuring Property to the Bond Issuer under the Restructuring Property Purchase and Sale Agreement dated as of December __, 2025, between the Authority and the Bond Issuer and the related Bill of Sale dated December __, 2025 (such Sale Agreement and Bill of Sale, together, the "Sale Agreement"), for an amount in cash. Under the Restructuring Property Servicing Agreement dated as of December __, 2025, between the Authority, in its capacity as Servicer, and the Bond Issuer (the "Servicing Agreement"), the Authority has agreed to service the Restructuring Property. Under the Administration Agreement dated as of December __, 2025, between LIPA, as Administrator (the "Administrator"), and the Bond Issuer, the Administrator has agreed to perform certain administrative services on behalf of the Bond Issuer (the "Administration Agreement").

On the date hereof, the Bond Issuer is issuing the Bonds under the Bond Indenture dated as of December __, 2025 (the "Indenture"), between the Bond Issuer and The Bank of New York Mellon, as Indenture Trustee (the

"Indenture Trustee"). The Charges are the only source of payment of debt service on the Bonds under the Indenture other than a debt service reserve fund initially funded with Bond proceeds.

Pursuant to the Bond Purchase Agreement dated December __, 2025 (the "Bond Purchase Agreement"), between the Bond Issuer and BofA Securities, Inc., as representative of the several underwriters named therein, such underwriters have agreed to purchase the Bonds from the Bond Issuer.

As used herein, the term "Transaction Documents" means, collectively, the Sale Agreement, the Servicing Agreement, the Administration Agreement, the Bonds, the Indenture and the Bond Purchase Agreement, and "Transaction" means the transactions contemplated by the Transaction Documents. Capitalized terms used herein that are not otherwise defined shall have the meanings assigned to them in the Indenture.

FACTS AND ASSUMPTIONS

In connection with the opinions set forth below, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the following:

a) the Statute;

b) Financing Order No. 8;

c) the Transaction Documents; and

d) such other documents relating to the Transaction as we have deemed necessary or advisable as a basis for such opinions.

We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Authority, LIPA and the Bond Issuer, agreements, certificates of public officials, certificates of officers, trustees or other representatives of the Authority, LIPA, the Bond Issuer and others, and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein. We have made no independent investigation of the facts referred to herein, and with respect to such facts, we have relied, for the purpose of rendering the opinions set forth herein and except to the extent any such information constitutes a statement of legal conclusion expressed in such opinions or as otherwise stated herein, exclusively on the factual statements contained and matters provided for in the documents referenced above, including the factual representations, warranties and covenants contained therein as made by the respective parties thereto and on certificates of the Authority, LIPA and the Bond Issuer and their respective directors or trustees, as the case may be, officers and other representatives and of public officials.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. In making our examination of these documents, we have assumed: that each of the parties to such documents is duly organized and validly existing under the laws of its jurisdiction of organization and each party to the Transaction Documents is authorized to do business and is in good standing in each other jurisdiction in which it is required to be authorized to do business; that the parties to such documents had the power, corporate or other, to enter into and perform all obligations thereunder; and the due authorization by all requisite action, corporate or other, the due execution and delivery by the parties of the Transaction Documents, and the validity and binding effect thereof upon such parties and the enforceability thereof against such parties.

We express no opinion herein as to the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State.

OPINIONS REQUESTED

The Authority has requested that we furnish to you our opinions as to:

(1) whether a court would find a compensable taking under the takings clause of the Fifth Amendment of the United States Constitution (the "Federal Takings Clause") if (a) it concludes that the rights of the Bondholders to the Restructuring Property (hereinafter, the "Rights") are property of a type protected by the Federal Takings Clause and (b) the State undertook a repeal or amendment of the Statute or took any other action or failed to take any action required by the New York State Pledge (as defined below) (any such repeal, amendment, action or inaction is herein referred to as an "Impairment Action") after the Bonds are issued but before they are fully paid that, without paying just compensation to the Bondholders, (i) permanently appropriates the Rights or denies all economically productive use of the Rights; or (ii) destroys the Rights, other than in response to emergency conditions; or (iii) substantially reduces, alters or impairs the value of the Rights, if the law unduly interferes with the Bondholders' reasonable investment-backed expectations;

(2) whether a court would find a compensable taking under the takings clause of Article 1, Section 7 (the "State Takings Clause") of the Constitution of the State (the "State Constitution") if (a) it concludes that the Rights are property of a type protected by the State Takings Clause and (b) the State engages in an Impairment Action that, without paying just compensation to the Bondholders, (i) permanently appropriates the Rights or denies all economically productive use of the Rights; or (ii) destroys the Rights, other than in response to emergency conditions; or (iii) substantially reduces, alters or impairs the value of the Rights, if the law unduly interferes with the Bondholders' reasonable investment-backed expectations;

(3) whether the New York State Pledge (as defined below) and the State Bankruptcy Pledge (as defined below) create a contractual relationship between the State and the Bondholders;

(4) whether the Bondholders could successfully challenge under the Contract Clause of the United States Constitution the constitutionality of (i) an Impairment Action that limits, alters, impairs or reduces the value of the Restructuring Property or the Charges prior to the time that the Bonds are fully paid and discharged or (ii) any action by the State that limits or alters the denial of authority to the Bond Issuer to be a debtor under chapter 9 of the United States Bankruptcy Code or any other provision of the United States Bankruptcy Code (any such action is herein referred to as a "Bankruptcy Authority Action");

(5) whether preliminary injunctive relief would be available under federal law to delay implementation of (i) an Impairment Action that limits, alters, impairs or reduces the value of the Restructuring Property or the Charges pending final adjudication of a claim challenging such Impairment Action under the Contract Clause, or (ii) a Bankruptcy Authority Action, and assuming a favorable final adjudication of such claim, whether relief would be available to prevent permanently the implementation of such Impairment Action or Bankruptcy Authority Action;

(6) whether a court would conclude that the New York State Pledge (as defined below) creates rights which are considered to be property within the meaning of the due process clause, Article 1, § 6 (the "State Due Process Clause") of the State Constitution;

(7) whether a court would conclude that Bondholders (or the Bond Trustee on their behalf) could successfully challenge under the State Due Process Clause an Impairment Action, that after the Bonds are issued, but before they are fully paid, (i) permanently appropriates the Rights or denies all economically productive use of the Rights; or (ii) destroys the Rights, other than in response to emergency conditions; or (iii) substantially reduces, alters or impairs the value of the Rights, if the law unduly interferes with the Bondholders' reasonable investment-backed expectations (other than a law passed by the Senate and Assembly of the State (the "State Legislature") in the valid exercise of the State's police power necessary to safeguard the public, health, safety and welfare);

(8) whether preliminary injunctive relief would be available under State law to delay implementation of an Impairment Action that limits, alters, impairs or reduces the value of the Restructuring Property or the Charges pending final adjudication of a claim challenging such Impairment Action under the State Due Process Clause and assuming a favorable final adjudication of such claim, whether relief would be available to prevent permanently the implementation of such Impairment Action;

(9) whether the provisions of the Statute are severable; and

(10) whether voters in the State have authority to amend or repeal the Statute by voter initiatives or referenda.

PLEDGE AND AGREEMENT OF THE STATE

The Statute provides in Section 9 that the State "pledges to and agrees with" the holders of restructuring bonds, which includes the Bondholders:

> that the state will not in any way take or permit any action that limits, alters or impairs the value of restructuring property or, except as required by the adjustment mechanism described in the restructuring cost financing order, reduce, alter or impair transition charges that are imposed, collected and remitted for the benefit of the owners of restructuring bonds, any assignee, and all financing entities, until any principal, interest and redemption premium in respect of restructuring bonds, all ongoing financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full.

(The above-quoted provisions are herein referred to as the "New York State Pledge.") Section 9 also permits any issuer of restructuring bonds "to include the [New York State] pledge … in the restructuring bonds, ancillary agreements and documentation related to the issuance and marketing of the restructuring bonds." We note that the New York State Pledge is set forth in the Bonds and in the Indenture, that the existence of the New York State Pledge is disclosed in the preliminary and final Official Statements for the Bonds furnished to prospective investors and that the obligation of the Underwriters to purchase the Bonds is conditioned upon the inclusion of the New York State Pledge in the Bonds and in the Indenture.

The Statute also provides in Section 4(3) that "[t]he restructuring bond issuer shall not be authorized to be a debtor under chapter 9 of the United States Bankruptcy Code or any other provision of the United States Bankruptcy Code" and that the State "pledges, contracts and agrees with owners of restructuring bonds issued by restructuring bond issuer that the state will not limit or alter the denial of authority to the restructuring bond issuer to be a debtor under chapter 9 of the United States Bankruptcy Code or any other provision of the United States Bankruptcy Code." The foregoing pledge is herein referred to as the "State Bankruptcy Pledge."

THE FEDERAL TAKINGS CLAUSE

Discussion of the Federal Takings Clause

The Federal Takings Clause of the Fifth Amendment of the United States Constitution states, "nor shall private property be taken for public use, without just compensation." The Fourteenth Amendment of the United States Constitution makes the Fifth Amendment, including the Federal Takings Clause, applicable to any state action, *Chicago, Burlington & Quincy Railroad Co. v. City of Chicago*, 166 U.S. 226, 240 (1897), which would include actions of both the New York Legislature and the New York Public Authorities Control Board ("PACB"). The Federal Takings Clause applies to governmental takings of both tangible and intangible property. *Ruckelshaus v. Monsanto Co*., 467 U.S. 986, 1003 (1984). To the extent relevant here, takings cases can generally be divided into two distinct categories: physical takings, where the government physically occupies, or takes title to, private property, and regulatory takings, where the government regulates the use of private property. *Yee v. City of Escondido*, 503 U.S. 519, 522-23 (1992). Physical takings cases, even when there has been minimal "permanent physical occupation of real property," generally require that compensation be paid without a specific inquiry into the interests advanced. *Loretto v. Teleprompter Manhattan CATV Corp*., 458 U.S. 419, 427, 435, 438 n.16 (1982); see *also Lucas v. South Carolina Coastal Council*, 505 U.S. 1003, 1015 (1992). On the other hand, regulatory takings cases, in most instances,[1] necessarily entail "complex factual assessments of the purposes and economic effects of government actions" before

[1] The United States Supreme Court has recognized, however, that in regulatory takings cases where a governmental regulation permanently deprives a property owner of all "economically beneficial or productive use of land," a per se compensable taking exists which warrants compensation without any complex analysis. *Lucas*, 505 U.S. at 1015. The Court, however, has declined to apply this hard and fast rule to regulatory takings which may temporarily deprive a property owner of all economically beneficial or productive use of land. *Tahoe-Sierra Preservation Council. Inc. v. Tahoe Regional Planning Agency*, 535 U.S. 302 (2002).

a court will award compensation. *Yee*, 503 U.S. at 522-23. *See also Penn Central Transp. Co. v. New York City*, 438 U.S. 104, 124 (1978) (noting that the United States Supreme Court has been unable to develop any "set formula" for analyzing and evaluating Federal Takings Clause claims, and that the Court's conclusion will depend largely upon the particular circumstances of a particular case). A claimant in a regulatory takings case will generally recover compensation only if the government has regulated the private property at issue to such a degree that a particular property owner has been deprived of the economic use of that property and "unfairly singled out" to bear a burden that is more properly "borne by the public as a whole." *Yee*, 503 U.S. at 522-23. See also *Armstrong v. United States*, 364 U.S. 40, 49 (1960) (finding that the purpose of the Federal Takings Clause is to restrain the government by, among other things, preventing the government from "forcing some people alone to bear public burdens which, in all fairness and justice, should be borne by the public as a whole").

Regulatory takings can affect two distinct property types: tangible property, such as real property or equipment, and intangible property, such as trade secrets and, presumably, Restructuring Property. In order to determine whether any governmental action triggers a compensable regulatory taking of intangible property under the Federal Takings Clause, a court must determine, first, whether the claimants have a property interest for purposes of the Federal Takings Clause.[2] If so, the court must then determine whether the government's action effects a compensable taking of that protected property interest. *Ruckelshaus*, 467 U.S. at 1000-01.[3]

A court's response to a Federal Takings Clause challenge will be affected by the nature of any Impairment Action. An Impairment Action with respect to the Bonds could take many forms, including, among others, legislation that (i) repeals the New York State Pledge, (ii) invalidates the imposition of the Charges or (iii) changes the regulatory framework for setting utility rates in such a way that the change adversely impacts the collection of the Charges. A discussion of applicable principles that courts have applied in analyzing the effect of an alleged taking follows.

A. Is there a property interest for purposes of the Federal Takings Clause?

The United States Supreme Court has held that property other than real property and tangible personal property is entitled to the protections afforded by the Federal Takings Clause. *Ruckelshaus*, 467 U.S. at 1003. An independent source, such as state law or existing rules, however, and not the United States Constitution, must create the protected property right. *Ruckelshaus*, 467 U.S. at 1001; *Webb's Fabulous Pharmacies, Inc. v. Beckwith*, 449 U.S. 155, 161 (1980); *Board of Regents v. Roth*, 408 U.S. 564, 577 (1972). In *Ruckelshaus*, the Court determined that trade secrets that are cognizable under state law constitute property rights for purposes of the Federal Takings Clause, noting that:

> the Court has found other kinds of intangible interests to be property for purposes of the Fifth Amendment's Taking Clause. *See, e.g., Armstrong v. United States*, 364 U.S. 40, 44, 46 (1960) (materialman's lien provided for under Maine law protected by Taking Clause); *Louisville Joint Stock Land Bank v. Radford*, 295 U.S. 555, 596-602 (1935) (real estate lien protected); *Lynch v. United States*, 292 U.S. 571, 579 (1934) (valid contracts are property within meaning of the Taking Clause).

467 U.S. at 1003. *See also*, *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 310 (1989) (the right to a non-confiscatory rate for the use of utility property serving the public is protected by the Federal Takings Clause); *Brown v. Legal Foundation of Washington*, 538 U.S. 216 (2003) (finding that a state law requiring that interest on lawyers' trust fund accounts be transferred to a separate account to pay for legal services for the needy was more akin to a physical taking of property and thus warranted the application of per se rules as opposed to the ad hoc factual analysis of regulatory takings; the Supreme Court had previously held in *Phillips v. Washington Legal Foundation*, 524 U.S. 156 (1998), that such interest was the private property of the owner of the principal). In holding that an Environmental Protection Agency regulation requiring companies to divulge trade secrets effected a compensable taking with respect to certain trade secrets, the *Ruckelshaus* Court had to determine if the trade secrets constituted a property interest for purposes

[2] The existence of a protected property interest would generally be assumed and, therefore, would not be a significant issue, for courts assessing Federal Takings Clause claims involving real property and tangible personal property.

[3] A court would not reach these issues unless the purported taking is for public use because the State does not have the power to take a private citizen's property except for public use. *Hawaii Housing Authority v. Midkiff*, 467 U.S. 229, 231-32, 240 (1984).

of the Federal Takings Clause. In this latter connection, the Court noted that "[t]rade secrets have many of the characteristics of more tangible forms of property. A trade secret is assignable.... A trade secret can form the res of a trust, … and it passes to a trustee in bankruptcy." *Ruckelshaus*, 467 U.S. at 1002 (citations omitted). A court should undertake a similar analysis of, and reach a similar conclusion regarding, the Restructuring Property in determining whether it constitutes "property" for purposes of the Federal Takings Clause.

The decision in *U.S. Trust Co. v. New Jersey*, 431 U.S. 1 (1977), involved a legislative covenant, similar in nature to the New York State Pledge, made to Port Authority bondholders by the New Jersey Legislature, pledging that the revenues supporting the subject Port Authority bonds would not be diverted for unauthorized purposes. This covenant was later repealed by the New Jersey Legislature, which repeal the Supreme Court found to impair the contract rights of the bondholders. *U.S. Trust*, 431 U.S. at 19. The Supreme Court then indicated in dicta that "[c]ontract rights are a form of property" that, if taken, would require the payment of just compensation. *Id.* at n.16. Thus, the Bondholders would have a strong argument based on Ruckelshaus, U.S. Trust and the Statute that the Restructuring Property is "property" warranting the protections afforded by the Federal Takings Clause.[4]

The cases discussed above provide strong support for the position that the Rights are property for purposes of the Federal Takings Clause. As discussed above, the nature of any Impairment Action would, however, certainly influence a court's analysis of whether a compensable taking exists. The factors a court might examine to determine whether such State action would rise to the level of a "taking" are considered below.

B. <u>If there is a property interest, does the Impairment Action effect a taking of that property interest for purposes of the Federal Takings Clause?</u>

Once a court determines that the Rights constitute "property" for purposes of the Federal Takings Clause, it would then examine whether the alleged Impairment Action constituted a regulatory taking mandating the payment of just compensation. In *Lingle v. Chevron USA*, 544 U.S. 528, 538-39 (2005), the Supreme Court identified two categories where regulatory action that does not entail a physical taking of property nonetheless constitutes per se takings —regulations that involve a permanent physical invasion of property and regulations that deprive the owner of all economically beneficial or productive use of the property — and a third category of other regulatory takings.

In the cases that fall into the third category that have asserted a regulatory taking of real property or tangible personal property, the courts have generally made an ad hoc factual determination of the takings allegations based on an examination of the following factors:

1. the character of the government action;

2. the economic impact of the regulation; and

3. the extent to which the regulation interfered with distinct investment-backed expectations.

Penn Central, 438 U.S. at 124.

While the *Penn Central* case involved a regulatory taking of tangible property,[5] the United States Supreme Court has also applied these principles when analyzing Federal Takings Clause claims related to intangible property. For instance, in *Connolly v. Pension Benefit Guar. Corp*., 475 U.S. 211 (1986), the Court examined a statute that imposed liability on an employer who withdrew from a multi-employer pension plan to pay to the pension plan the employer's proportionate share of such pension plan's unfunded vested benefits. The Court relied on the factors set forth in Penn Central to analyze the takings claim. *Connolly*, 475 U.S. at 224-25. Similarly, in *Ruckelshaus*, the Court applied the *Penn Central* factors to an alleged regulatory taking of "intangible" trade secrets. *Ruckelshaus*, 467 U.S. at 1005. More recently, in *Eastern Enterprises v. Apfel,* 524 U.S. 498 (1998), the Court applied the *Penn Central*

[4] Indeed, Section 7 of the Statute characterizes Restructuring Property as an existing, present property right, which, while not dispositive, supports the conclusion that the Restructuring Property is property for purposes of the Federal Takings Clause.

[5] In *Penn Central*, the court found that the New York Landmarks Law did not effect a taking of a private property owner's real property where not all of the owner's property was affected by restrictions on use and the State was acting pursuant to its police power.

analysis in its Federal Takings Clause review of a Federal statute that charged coal companies that had provided voluntary pension plans for miners with the costs of providing benefits under a new plan.

The first factor of the *Penn Central* analysis — the character of the government action — entails a consideration of whether the action can be characterized as a physical invasion by the government, as opposed, for example, to the implementation of a public program adjusting the benefits and burdens of economic life to promote the common good. *Penn Central*, 438 U.S. at 124. This, in turn, leads some courts to an assessment of the extent to which the government action furthered an important public policy. *Id.* at 127.[6] The second *Penn Central* factor assesses whether the economic impact of the State action rises to the level of serious economic harm. *Id.* at 124.[7] The final *Penn Central* factor examines whether the State action interferes with reasonable investment-backed expectations. *Id.* A reasonable investment-backed expectation must be more than a "mere unilateral expectation or an abstract need." *Webb's Fabulous Pharmacies*, 449 U.S. at 161.

In Federal Takings Clause cases, the United State Supreme Court has analyzed one or more of these factors to varying degrees and in varying ways. For example, in Connolly, where the Court ultimately held that there was no taking for purposes of the Fifth Amendment, the Court found that the interference with property rights arose "from a public program that … promotes the common good," not from a physical invasion or permanent appropriation of the assets, and that the legislation in dispute contained a "significant number of provisions" that moderated and mitigated the economic impact of the statute. *Connolly*, 475 U.S. at 225-26. Moreover, the Court found no interference with reasonable investment-backed expectations. *Id.* at 226-27.

Thus, to determine whether a compensable taking had occurred, the court would determine whether to apply principles developed in the real property context to an analysis of the Impairment Action. Those principles would require a determination of whether the Impairment Action denied the Bondholders all economically beneficial or productive use of the Restructuring Property, under circumstances such as a legislative ban on the use of the Restructuring Property for the timely payments of principal and interest on the Bonds. If all economically beneficial or productive use of the Restructuring Property were not denied, the court would undertake an ad hoc factual inquiry by considering the factors enumerated in *Penn Central* in an analysis of the Impairment Action, in which event the court would assess:

1. the character of the government action;

2. the economic impact of the regulation,[8] including whether the State's action would prevent timely payment of the Bonds; and

3. the extent to which the regulation interfered with reasonable investment-backed expectations.

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[6] The simple determination that a government action advances an important public policy is not dispositive, however. Even though all private property is held subject to the sovereign power of the state, including its police power, "if a regulation goes too far it will be recognized as a taking." *Pennsylvania Coal Co. v. Mahon*, 260 U.S. 393,415 (1922).

[7] There are certain instances, however, in which the economic impact of the government action is so severe that the claimant is deprived of all economically beneficial or productive use of property. In such instances, the Court has generally held that compensation is warranted. See discussion of *Lucas v. South Carolina Coastal Council* in note 1, above. Even in *Lucas*, however, the Court left open the possibility that even a total elimination of a property's economically productive use was permissible and would not warrant compensation if the regulation or law in question would "duplicate the result that could have been achieved in the courts by adjacent landowners (or other uniquely affected persons) under the State's law of private nuisance, or by the State under its complementary power to abate nuisances that affect the public generally, or otherwise." 505 U.S. at 1029.

[8] Even where the economic impact is severe, compensation may not be required if the action is taken in response to so-called emergency conditions. *See, e.g., United States v. Caltex (Philippines) Inc.*, 344 U.S. 149, 154 (1952) (relying, in part, on the common law, which had "long recognized that in time of imminent peril - such as when fire threatened a whole community - the sovereign could, with immunity, destroy the property of a few that the property of many and the lives of many more could be saved," the court found no taking when the U.S. military destroyed private oil facilities in the Philippines to prevent the Japanese from taking control of the facilities during World War II). *See also Dames & More v. Regan*, 453 U.S. 654 (1981) (no compensable taking resulting from executive order nullifying attachments on Iranian assets and permitting those assets to be transferred out of the country); *United States v. Pacific Railroad*, 120 U.S. 227 (1887) (no compensation required due to exigencies of war when the military destroyed private bridges to prevent the confederates from using them); *American Mfrs. Mut. Ins. Co. v. United States*, 453 F.2d 1380, 1381 (Ct. Cl. 1972) (compensation not required when private vessel was "destroyed as part of the fortunes of war and by actual and necessary military operations in attacking and defending against enemy forces").

With respect to the Rights, while the character of any future Impairment Action cannot be known at this time, any such Impairment Action would likely not constitute a physical invasion and would presumably ostensibly be in furtherance of an important public policy. Although the effect of any future Impairment Action also cannot be known at this time, any such Impairment Action that prevented the payment of the Bonds would likely be found to have a serious economic impact on the Bondholders. In any event, it seems that an Impairment Action that prevented the timely payment of principal and interest on the Bonds would interfere with the Bondholders' investment-backed expectations because timely payment of the Bonds is the primary expectation of the Bondholders. Additionally, the New York State Pledge itself gives rise to these reasonable investment-backed expectations on the part of the Bondholders. The United States Supreme Court has held that a government "guarantee" of confidentiality could form the basis for such an expectation. *Ruckelshaus*, 467 U.S. at 1011. The Bondholders could argue that they would not have invested in the Bonds in the absence of the government "guarantee" contained in the New York State Pledge and, thus, in accordance with *Ruckelshaus*, the New York State Pledge created reasonable investment-backed expectations. The State has gone to great lengths to give credence to the New York State Pledge, including authorizing its inclusion on the Bonds. Therefore, we believe that it is reasonable for the Bondholders who have invested their funds in the Bonds to expect that the Legislature will honor the New York State Pledge.[9]

Opinion as to Federal Takings Clause

Based on our review of relevant judicial authority, as discussed in this opinion, but subject to the qualifications, limitation and assumptions (including the assumption that any Impairment Action would be "substantial") set forth herein, it is our opinion that a reviewing court of competent jurisdiction applying federal law, in a properly prepared and presented case, would conclude that the State would be required to pay just compensation to the Bondholders if the State undertook an Impairment Action in contravention of the New York State Pledge after the Bonds are issued, but before they are fully paid, that (i) constituted a permanent appropriation of a substantial property interest of the Bondholders in the Restructuring Property or denied all economically beneficial or productive use of the Restructuring Property; (ii) destroyed the Restructuring Property, other than in response to so-called emergency conditions; or (iii) substantially reduced, altered or impaired the value of the Restructuring Property so as to unduly interfere with the reasonable expectations of the Bondholders arising from their investment in the Bonds.

There can be no assurance, however, that any award of compensation would be sufficient to pay the full amount of principal of and interest on the Bonds.

THE STATE TAKINGS CLAUSE

Discussion of the State Takings Clause

The State Takings Clause, in Article 1, Section 7(a) of the State Constitution, provides that, "Private property shall not be taken for public use without just compensation." Its text is nearly identical to the Federal Takings Clause discussed above. As a result, New York courts have used United States Supreme Court decisions as a basis for their interpretation of the State Takings Clause. *See, e.g., Consumers Union U.S., Inc. v. State of New York*, 5 N.Y.3d 327, 806 N.Y.S.2d 99 (N.Y. 2005), *Birnbaum v. State* 73 N.Y.2d 638, 543 N.Y.S.2d 23 (N.Y.1989), *Matter of Wallace v. Town of Grand Is.*, 184 A.D.3d 1088, 126 N.Y.S.3d 270 (N.Y. App. Div. 4th Dep't 2020). For example, in *Consumers Union*, the New York Court of Appeals, as have many other U.S. and state courts, applied the test used in *Penn. Central* as the basis for its analysis under a State Takings Clause claim. Following *Penn. Central*, once a court determines that the rights constitute "property" for purposes of a takings analysis, it should make an ad hoc factual determination of takings allegations based on an examination of (i) the character of the government action; (ii) the economic impact of the regulation; and (iii) the extent to which the regulation interfered with distinct investment-backed expectations. *See Penn. Central*, 438 U.S. at 124. *See, e.g., Consumers' Union*, 5 N.Y.3d 327; Lingle, 544 U.S. 528.

As under the Federal Takings Clause, a court's response to a State Takings Clause challenge will be affected by the nature of any Impairment Action. An Impairment Action with respect to the Bonds could take many forms, including, among others, legislation that (i) repeals the New York State Pledge, (ii) invalidates the imposition of the

[9] Because many factors could have an impact on the market price of the Bonds, maintenance of the market price of the Bonds might be considered a unilateral expectation of the Bondholders, and not a reasonable, investment-backed expectation. *See U.S. Trust Co.*, 431 U.S. at 19. If so, an Impairment Action affecting only this "unilateral expectation" might not constitute a compensable taking.

Charges or (iii) changes the regulatory framework for setting utility rates in such a way that the change adversely impacts the collection of the Charges. A discussion of applicable principles that courts have applied in analyzing the effect of an alleged taking follows.

A. Is there a property interest for purposes of the State Takings Clause?

In order to hold that Impairment Actions constitute a compensable taking, a reviewing court would need to conclude that the Rights are property of a type protected by the State Takings Clause. Courts in New York have found contractual rights to be "property" that merits protection under the State Takings Clause. The Court of Appeals has held that under the State Constitution, the right of a contractor for the performance of a public work to prospective profits under his contract is a species of property within the protection of State Takings Clause. *See Danolds v. State*, 89 N.Y. 36 (N.Y. 1882). The Court of Appeals has also held that a right to plant an oyster bed under public waters is a private right, and that the destruction of the bed by sewage discharged thereon from a sewer of a town is a direct invasion of a private right and taking of private property within the meaning of State Takings Clause. *See Huffmire v. City of Brooklyn* 162 N.Y. 584 (N.Y. 1900). A New York court has also found that ordinances granting town residents exclusive rights to town fisheries constitute "property" that could not be taken without compensation. *See State v. Freeholders and Commonalty of Southampton,* 99 A.D.2d 804, 472 N.Y.S.2D 394 (N.Y. App. Div. 2 Dept. 1984).

New York courts have regularly looked to whether a state action has impaired investment-backed expectations of property owners in order to determine whether a regulatory taking has occurred. See Consumers Union, 5 N.Y.3d 327. *See also Matter of Smith v. Town of Mendon*, 4 N.Y.3d 1, 789 N.Y.S.2d 696 (N.Y. 2004). As noted above, it is well established under federal law that investment-backed expectations can be property for the purposes of the takings analysis; however, an independent source, such as state law or existing rules, and not the United States Constitution, must create the protected property right.

In *Patterson v. Carey*, 41 N.Y.2d 714, 395 N.Y.S.2d 411 (N.Y. 1977), the Court of Appeals applied the State Due Process Clause to uphold bondholders' property rights when the State Legislature rescinded an increase in tolls charged motorists by the Jones Beach State Parkway Authority and provided that future increases could not be imposed unless the Parkway Authority complied with a new four stage review process. Bondholders brought suit asserting that the modification of the toll revenue stream backing their bonds was an unconstitutional deprivation of "property," such property being not only rights relating to the imposition of tolls and their collection, but also the State pledge itself. The New York Court of Appeals held in their favor, finding that the State had violated the State Due Process Clause. *See Patterson*, 41 N.Y.2d 720. Although the case was decided under the State Due Process Clause, it would be reasonable to expect similar reasoning as to the existence of a property interest with respect to a claim brought under the State Takings Clause.

More directly, the Statute expressly creates the Restructuring Property as a property right under State law for purposes of the Transaction: "Restructuring property shall constitute a vested, presently existing property right notwithstanding the fact that the value of the property right will depend on further acts that have not yet occurred, including but not limited to, consumers remaining or becoming connected to the (T&D) system assets and taking electric delivery service, the imposition and billing of transition charges, or, in those instances where consumers are customers of LIPA or any successor owner of the T&D system assets, such owner performing certain services." 2013 N.Y. LAWS ch. 173 §2 ¶13. See also 2013 N.Y. LAWS ch. 173 §7(1)(a).

The cases discussed above, together with the Statute, provide strong support for the position that the rights of the Bondholders in the Restructuring Property are property for purposes of the State Takings Clause. As discussed, however, the nature of any Impairment Action would certainly influence a court's analysis of whether a compensable taking exists. Some of the factors a court might examine to determine whether such State action would rise to the level of a "taking" are considered below.

B. If there is a property interest, does the Impairment Action effect a taking of that property interest for purposes of the State Takings Clause?

In determining whether an Impairment Action constitutes a taking, a reviewing court would evaluate the nature of the governmental action and weigh the public purpose served thereby against the degree to which it interferes with bondholders' "legitimate property interests" or distinct "investment-backed expectations." *Consumers Union*, 5

N.Y.3d at 358. "Governmental regulation of private property effects a taking if it is so onerous that its effect is tantamount to a direct appropriation or ouster." *Id.* at 357. In *Patterson*, the Court of Appeals based its determination under the State Due Process Clause partly on investors' expectations, finding that "[s]ince the toll is the sole source of funds for bond repayment, any limitation on the authority's power to collect a toll sufficient to pay the bonds deprive[d] the bondholders of an essential attribute of their contract with the authority and with the State and jeopardize[d] their investment." *Patterson*, 41 N.Y.2d at 720.

As discussed above, although the United States Supreme Court has indicated that regulatory actions generally will be deemed per se takings for Fifth Amendment purposes where government requires an owner to suffer a permanent physical invasion of her property, *see Loretto*, 458 U.S. 419, or where regulations completely deprive an owner of "all economically beneficial us[e]" of her property, *Lucas*, 505 U.S. at 1019, the *Consumers Union* court suggested that the application of *Loretto* is limited to a "direct physical invasion" of property. *See Consumers Union*, 5 N.Y.3d at 359. Moreover, because the three inquiries reflected in *Loretto, Lucas, and Penn Central* all aim to identify regulatory actions that are functionally equivalent to a direct appropriation of or ouster from private property, each of them focuses upon the severity of the burden that the government imposes upon property rights. *See Lingle*, 544 U.S. at 530. A New York court would be unlikely to find a compensable taking without an inquiry into the nature of any Impairment Action, balanced against investment-backed expectations of Bondholders.

Bondholders would have a strong argument that distinct, investment-backed obligations were formed by the Statute, which contains the New York State Pledge providing that, subject to the exceptions therein, the State will not in any way take or permit any action that limits, alters or impairs the value of the Restructuring Property or reduces, alters or impairs Charges. Among other factors which might be noted in support of such an argument, the New York State Pledge is included in the Bonds and in the Indenture as part of an express contract with the holders of the Bonds. The New York State Pledge is also described in the Official Statement and the inclusion of the New York State Pledge in the Indenture and the Bonds is a condition to the obligation of the underwriters to purchase the Bonds under the Bond Purchase Agreement.

If the State enacts a law that imposes an Impairment Action without paying just compensation to the Bondholders, the Bondholders would likely argue that they would not have invested in the Bonds in the absence of the State's undertaking contained in the New York State Pledge and, therefore, that the New York State Pledge created distinct, investment-backed expectations. *See Consumers' Union*, 5 N.Y.3d at 327.

To determine whether a compensable taking had occurred, a reviewing court would consider applying principles developed in the land use context to an analysis of the rights of the Bondholders. Those principles would require an analysis of whether the State action denied the Bondholders all economically beneficial or productive use of the rights, such as preventing the use of the Rights to pay the Bonds. *See Consumers' Union*, 5 N.Y.3d at 327 (applying principles developed in *Lingle* and *Penn. Central*).

A court's response to a State Takings Clause challenge will be affected by the nature of the action taken to impair the Rights, which could include legislation that: (i) repeals or alters the New York State Pledge; (ii) prevents the imposition of the Charges; (iii) revises the regulatory basis for establishing the Charges in such a way that adversely impacts the collection of the Charges; (iv) diverts the Rights from payment of the Bonds to other public purposes; or (v) adversely affects the assets that generated the Charges.

Because the New York jurisprudence has suggested that an inquiry into Bondholders' investment-backed expectations is necessary for a takings determination, our opinion assumes that an Impairment Action, by its nature, would impact the economic interests of Bondholders with a magnitude sufficient to constitute an undue interference with Bondholders' economic interests and Bondholders' distinct, investment-backed expectations.

As discussed above in connection with the Federal Takings Clause, it seems that an Impairment Action that prevented the timely payment of principal and interest on the Bonds would interfere with the Bondholders' investment-backed expectations because timely payment of the Bonds is the primary expectation of the Bondholders. Additionally, as discussed above, the New York State Pledge itself gives rise to these reasonable investment-backed expectations on the part of the Bondholders. Therefore, for the reasons discussed above, we believe that it is reasonable for the

Bondholders who have invested their funds in the Bonds to expect that the State Legislature will honor the New York State Pledge.[10]

However, New York courts have concluded that the just compensation which the State Constitution, Article I, Section 7(a), requires to be paid to the owner of property taken under the power of eminent domain cannot be reduced to inflexible formulas or inexorable rules. *See Saratoga Water Services, Inc. v. Saratoga County Water Authority*, 83 N.Y.2d 205, 608 N.Y.S.2d 952 (N.Y. 1994) referencing *Matter of City of New York (Fifth Ave. Coach Lines)*, 18 N.Y.2d 212, 218, 273 N.Y.S.2d 52 (N.Y. 1966). Although the Court of Appeals has stated that "just compensation puts the property owner in the same relative position it would have enjoyed had the taking not occurred," 520 East 81st Street Associates v. State, 99 N.Y.2d 43, 750 N.Y.S.2d 833 (N.Y. 2002), there can be no assurance that any award of just compensation by a reviewing court would be sufficient to pay the full amount of principal of and interest on the Bonds.

Opinion as to State Takings Clause

Based on our review of relevant judicial authority, as discussed in this opinion, but subject to the qualifications, limitation and assumptions (including the assumption that any Impairment Action would be "substantial") set forth herein, it is our opinion that a reviewing court of competent jurisdiction applying New York law, in a properly prepared and presented case, would conclude that the State would be required to pay just compensation to the Bondholders if the State undertook an Impairment Action in contravention of the New York State Pledge after the Bonds are issued, but before they are fully paid, that (i) constituted a permanent appropriation of a substantial property interest of the holders of the Bonds in the Restructuring Property or denied all economically beneficial or productive use of the Restructuring Property; (ii) destroyed the Restructuring Property, other than in response to so-called emergency conditions; or (iii) substantially reduced, altered or impaired the value of the Restructuring Property so as to unduly interfere with the reasonable expectations of the holders arising from their investment in the Bonds.

There can be no assurance, however, that any award of compensation would be sufficient to pay the full amount of principal of and interest on the Bonds.

THE FEDERAL CONTRACT CLAUSE

Discussion of the Federal Contract Clause

The Contract Clause of the United States Constitution, Article I, Section 10, provides that "no State shall … pass any … Law impairing the Obligation of Contracts" (the "Federal Contract Clause"). The Federal Contract Clause protects contractual obligations from impairment by enactment of state law. *Allied Structural Steel Co. v. Spannaus*, 438 U.S. 234 (1978); *U.S. Trust Co. v. New Jersey*, 431 U.S. 1 (1977). The Federal Contract Clause is not, however, a complete bar to legislative enactments that have the effect or consequence of altering contractual obligations. "Minimal alteration of contractual obligations may end the inquiry at its first stage. Severe impairment, on the other hand, will push the inquiry to a careful examination of the nature and purpose of the state [action]." *Allied Structural Steel*, 438 U.S. at 245 (footnotes omitted). If the state regulation constitutes a substantial impairment, to survive constitutional scrutiny it must be justified by a significant and legitimate public purpose. *Energy Reserve Group, Inc. v. Kansas Power & Light Co.*, 459 U.S. 400, 411 (1983) (citing *U.S. Trust*, 431 U.S. at 22). Once a legitimate public purpose has been identified, the next inquiry is whether the measure is based "upon reasonable conditions and [is] of a character appropriate to the public purpose justifying [the legislation's] adoption." *Id.* at 412. In such inquiry, courts defer to the legislature's judgment as to the necessity and reasonableness of the measure. *U.S. Trust*, 431 U.S. at 23. Moreover, "[t]he State has the 'sovereign right … to protect the … general welfare of the people'" and the courts must respect the "wide discretion on the part of the legislature in determining what is and what is not necessary." *El Paso v. Simmons*, 379 U.S. 497, 508-09 (1965) (citation omitted).

[10] Because many factors could have an impact on the market price of the Bonds, maintenance of the market price of the Bonds might be considered a unilateral expectation of the Bondholders, and not a reasonable, investment-backed expectation. *See U.S. Trust Co*., 431 U.S. at 18. If so, an Impairment Action affecting only this "unilateral expectation" might not constitute a compensable taking.

In order for the Federal Contract Clause to apply, the existence of a contractual relationship must be established. The courts have recognized the general presumption that, absent some clear indication that a legislature intends to bind itself contractually, "a law is not intended to create private contractual or vested rights but merely declares a policy to be pursued until the legislature shall ordain otherwise." *National R.R. Passenger Corp. v. Atchison, Topeka & Santa Fe Ry. Co*., 470 U.S. 451, 465-66 (1985) (quoting *Dodge v. Board of Educ*., 302 U.S. 74, 79 (1937)). This presumption is based on the fact that the legislature's principal function is not to make contracts, but to make laws that establish the policy of the State. Thus, a person asserting the creation of a contract with the State must overcome this presumption.

Although not dispositive, the United States Supreme Court in *U.S. Trust* has concluded that a legislative pledge in a New Jersey statute that was similar to the New York State Pledge and the State Bankruptcy Pledge constituted a contractual obligation of the state:[11] "The intent to make a contract is clear from the statutory language. 'The 2 States covenant and agree with … the holders of any affected bonds …' 1962 N.J. Laws, c. 8, s 6." *U.S. Trust*, 431 U.S. at 18. The Court went on to state in that case that "[i]n return for their promise, the States received the benefit they bargained for: public marketability of Port Authority bonds to finance construction of the World Trade Center and acquisition of the Hudson & Manhattan Railroad. We therefore have no doubt that the 1962 covenant has been properly characterized as a contractual obligation of the two States." *Id.* [12]

The "reserved powers" doctrine limits the ability of the State to bind itself contractually in a manner which "surrenders an essential attribute of its sovereignty." *U.S. Trust*, 431 U.S. at 23. Under this doctrine, if a contract limits a state's "reserved powers" - powers that cannot be contracted away - such contract is essentially unenforceable. *Id. See generally United States v. Winstar Corp.*, 518 U.S. 839, 888-90 (1996). Although the scope of these "reserved powers" has not been precisely defined by the courts, case law has established that a state cannot contract away its police powers, *Stone v. Mississippi*, 101 U.S. 814, 817-18 (1880), or its power of eminent domain, *West River Bridge Co. v. Dix*., 47 U.S. 507, 532-33 (1848). In contrast, the United States Supreme Court has stated that a state's "power to enter into effective financial contracts cannot be questioned." *U.S. Trust*, 431 U.S. at 24.

Under existing case law, neither the New York State Pledge nor the State Bankruptcy Pledge, in our view, limit any "reserved powers" of the State. Neither the New York State Pledge nor the State Bankruptcy Pledge purports to contract away, or constitute a waiver of, the State's power of eminent domain or otherwise restrict the State's ability to legislate for the public welfare or to exercise its police powers. Both the New York State Pledge and the State Bankruptcy Pledge constitute undertakings made by the State not to impair the financial security for the Bonds and was made to gain the capital markets' acceptance of such instruments, which are expressly authorized and are being issued in connection with New York legislation expected to result in cost savings to LIPA's customers. The New York State Pledge, which the Statute explicitly authorizes to be included in the documentation with respect to the Bonds, as well as the State Bankruptcy Pledge, are inducements offered by the State to investors to purchase the Bonds. As such, we believe that the New York State Pledge and the State Bankruptcy Pledge are akin to the type of "financial contract" involved in U.S. Trust, which was deemed by the United States Supreme Court to be a promise that revenues and reserves securing the bonds at issue there would not be depleted beyond a certain level. *Id.* at 25. Therefore, upon issuance of the Bonds, it is our opinion that each of the New York State Pledge and the State Bankruptcy Pledge will give rise to a contractual obligation between the State and the Bondholders for purposes of the Contract Clause.

We also believe that the prohibitions applicable to the State under the Federal Contract Clause would apply to actions by the State acting through the PACB. The New York Legislature has delegated certain of its regulatory powers over the Authority and LIPA to the PACB; however, we do not believe that the State, acting indirectly through an agency such as the PACB, could take any action that would substantially limit, alter, impair or reduce the value or amount of the Restructuring Property or the rights of the Bondholders, or that would limit or alter the denial of authority to the Bond Issuer to be a debtor under chapter 9 of the United States Bankruptcy Code or any other provision of the United States Bankruptcy Code, that the State could not take directly without violating its pledge.

[11] In *U.S. Trust*, the Supreme Court held that the legislative alteration of the rights and remedies of Port Authority bondholders violated the Federal Contract Clause because the legislation was neither necessary nor reasonable. 431 U.S. at 32.

[12] The Court did note, however, that "[t]he States remain free to exercise their power of eminent domain to abrogate such contractual rights, upon payment of just compensation." *U.S. Trust*, 431 U.S. at 29 n.27.

Injunctive Relief

In order for a federal court to issue a preliminary injunction, the court must conclude that a petitioner has clearly demonstrated each of the following: (1) that he or she is likely to succeed on the merits; (2) that he or she will suffer irreparable harm in the absence of preliminary injunctive relief; (3) that the balance of equities tips in his or her favor; and (4) that an injunction is in the public interest. *Winter v. Natural Resources Defense Council, Inc*., 555 U.S. 7, 20 (2008); *see also Ramirez v. Collier*, 142 S.Ct 1264, 1270 (2022) (same). While each of these requirements must be met for a preliminary injunction to be issued, in *Winter*, the Supreme Court emphasized the fourth requirement, stating: "In exercising their sound discretion, courts of equity should pay particular regard for the public consequences in employing the extraordinary remedy of injunction." *Id.* at 376-77 (internal quotation marks and citation omitted).

Additionally, the Second Circuit Court of Appeals has developed an alternative standard in order to provide "flexibility in the face of varying factual scenarios and the greater uncertainties inherent at the outset of particularly complex litigation." *Citigroup Global Markets Inc. v. VCG Special Opportunities Master Fund Ltd.*, 598 F.3d 30, 35 (2d Cir. 2010). Under this alternative standard, the party seeking relief must show "irreparable harm and…sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward the party requesting the preliminary relief." *Id.* The Second Circuit has stated that the burden under their standard is "no lighter" than under the Winter standard, but allows for preliminary injunctions when a court "cannot determine with certainty that the moving party is more likely than not to prevail on the merits of the underlying claims, but where the costs outweigh the benefits of not granting the injunction." *Id.*

In a challenge to an Impairment Action or a Bankruptcy Authority Action in Federal court, the court, in determining whether to grant a permanent injunction, would apply substantially similar factors as it would for a preliminary injunction. *Amoco Production Co. v. Village of Gambell*, 480 U.S. 531 (1987); *National City Bank of Indiana, et al., v. Charles W. Turnbaugh,* 367 F. Supp. 2d 805 (D. MD. 2005). However, unlike in connection with a preliminary injunction, where a plaintiff needs only to show a likelihood of a success on the merits, for a court to grant a permanent injunction, a plaintiff must succeed on the merits. *Amoco Production Co*., 480 U.S. at 546 n.12 (1987).

Opinion as to Federal Contract Clause

While there is no case law which considers the application of the Federal Contract Clause specifically to the Statute, we have considered existing case law concerning the application of the Federal Contract Clause to legislation which reduces or eliminates taxes, public charges or other sources of revenues which support bonds issued by public instrumentalities or private issuers, or which otherwise reduces or eliminates the security for bonds. Based upon our review of relevant judicial authority, as discussed in this opinion, but subject to the qualifications, limitations and assumptions (including the assumption that any Impairment Action would be "substantial") set forth herein, it is our opinion that a reviewing court of competent jurisdiction, in a properly prepared and presented case:

(i) would conclude that each of the New York State Pledge and the State Bankruptcy Pledge constitutes a contractual relationship between the Bondholders and the State;

(ii) would conclude that, absent a demonstration that the Impairment Action or the Bankruptcy Action was necessary to further a significant and legitimate public purpose, the Bondholders (or the Indenture Trustee on their behalf) could successfully challenge under the Federal Contract Clause the constitutionality of (a) any Impairment Action determined by such court to substantially limit, alter, impair or reduce the value of the Restructuring Property or the Charges before the Bonds are fully paid and discharged and (b) any Bankruptcy Authority Action; and

(iii) should conclude that permanent injunctive relief is available under federal law to prevent implementation of (a) any Impairment Action determined by such court to limit, alter, impair or reduce the value of the Restructuring Property or the Charges or (b) any Bankruptcy Authority Action, in each case in violation of the Federal Contract Clause; and although sound and substantial arguments support the granting of preliminary injunctive relief, the decision to do so will be in the discretion of the court requested to take such action, which will be exercised on the basis of the considerations discussed herein.

THE STATE DUE PROCESS CLAUSE

Discussion of State Due Process Clause

Article I, Section 6 of the State Constitution provides that: "No person shall be deprived of life, liberty or property without due process of law."

Certain contract rights have been held to be protected by the State Due Process Clause. In *Patterson*, the Court of Appeals applied the State Due Process Clause to uphold bondholders' property rights when the State Legislature rescinded an increase in tolls charged motorists by the Jones Beach State Parkway Authority and provided that future increases could not be imposed unless the Parkway Authority complied with a new four stage review process. According to the *Patterson* court, "the statute deprive[d] the bondholders of property without due process of law in violation of the State Constitution." *Id.* at 719-720.

"Quite apart from any question presented by the Federal impairment clause, the State may not deprive a party to a contract of an essential contractual attribute without due process of law. 'Depriving an owner of property of one of its essential attributes, is depriving him of his property within the constitutional provision' and absent due process, works an impermissible 'forfeiture of the right given by the contract.'" *Patterson*, 41 N.Y.2d at 720 (citing *People ex rel. Manhattan Sav*. *Inst. of City of N.Y. v. Otis*, 90 N.*Y*. 48, 52). In *People ex rel. Manhattan Savings Institution*, the legislation at issue attempted to invalidate claims against a bond issuer upon lost bearer bonds by anyone but the recipient of a duplicate bond even though good faith holders in due course presented the negotiable bonds for payment. Such possessors of lost bonds were remitted to suing the recipients of the duplicate. This legislative scheme was invalidated as a deprivation of an essential attribute of the bondholder's rights:

> "a legislative declaration that upon the publication of notice, a negotiable security shall no longer be transferable, is not due process of law, working a forfeiture of the right given by the contract."

People ex rel. Manhattan Sav. Inst. of City of N. Y., 90 N.Y. at 52.

Patterson protected the contractual commitment of the Parkway Authority to raise and collect sufficient tolls to punctually pay and redeem the Parkway Authority's bonds. Because the tolls in *Patterson* were "the sole source of funds for bond repayment," the Court explained that "any limitation on the authority's power to collect a toll sufficient to pay the bonds deprives the bondholders of an essential attribute of their contract with the authority and with the State and jeopardizes their investment." *Patterson*, 41 N.Y.2d at 720.

In addition to the affirmative promise of the Parkway Authority to raise and collect sufficient tolls to pay bondholders, the State had itself pledged "not to limit or alter the rights vested in the authority to the detriment of bondholders." *Id.* at 717. The *Patterson* court stated that "[w]here a statute is challenged on non-procedural grounds as violative of due process, the test is whether there is 'some fair, just and reasonable connection' between the statute and 'the promotion of the health, comfort, safety and welfare of society.'" *Id.* at 720-21. Finding that there was no fair, just or reasonable connection between the statutory procedure for increasing tolls and the goal of curtailing traffic congestion, the Court ruled: "the statute is arbitrary and deprives bondholders of a contractual right without due process of law." *Patterson*, 41 N.Y.2d at 721.

The Bondholders would have a very strong argument based on *Patterson* and the plain meaning of the Statute that the New York State Pledge is "property" warranting the protections afforded by the State Due Process Clause.

As was the case in *Patterson*, the source of payment of the Bonds is limited to revenues derived from the rights protected by the State pledge set forth in the Statute. The New York State Pledge is very similar to the State pledge at issue in *Patterson*. Indeed, it more clearly and directly expresses the intention to protect the source of payment of the Bonds than the language of the State pledge relating to the Parkway Authority bonds, which was somewhat more generally stated presumably to reflect the nature of the Parkway Authority as an operating entity. In addition, the fact that the New York State Pledge expressly protects the Restructuring Property, which by the terms of

the Statute is "property," also lends substantial support to the argument that the New York State Pledge itself is property for purposes of the State Due Process Clause.

Opinion as to State Due Process Clause

Based upon our review of relevant judicial authority, including as discussed in this opinion, but subject to the qualifications, limitation and assumptions set forth herein, it is our opinion that, after the Bonds are issued, but before they are fully paid, a reviewing court of competent jurisdiction applying New York law, in a properly prepared and presented case, would conclude that (i) the New York State Pledge creates rights that constitute property within the meaning of the State Due Process Clause, and (ii) an Impairment Action by the State would violate the State Due Process Clause, absent any overriding fair, just and reasonable connection of the Impairment Action to the promotion of the health, comfort, safety and welfare of society.

INJUNCTIVE RELIEF UNDER STATE LAW

Discussion of Injunctive Relief Under State Law

The availability of preliminary injunctive relief under New York law is governed by Article 63 of the Civil Practice Law and Rules ("CPLR") and the traditional principles of equity to be applied thereby. CPLR Section 6301, entitled "Grounds for preliminary injunction and temporary restraining order," authorizes such a remedy to maintain the *status quo* "in any action where it appears that the defendant threatens or is about to do . . . an act in violation of the plaintiff's rights respecting the subject of the action, and tending to render the judgment ineffectual" or "where the plaintiff has demanded and would be entitled to a judgment restraining the defendant from the commission or continuance of an act, which if committed or continued during the pendency of the action, would produce injury to the plaintiff." N.Y. C.P.L.R. §6301. In each case, a showing is required "that immediate and irreparable injury, loss or damage will result unless the defendant is restrained." *Id.*

Judicial "discretion" permeates all aspects of the inquiry as to whether the application for temporary relief will be granted. "Perhaps the most instructive point about the preliminary injunction is that its granting is discretionary with the court." DAVID D. SIEGEL, NEW YORK PRACTICE § 328 (5th ed. 2015) (citing *Sartwell v. Field*, 68 N.Y. 341 (N.Y.1877)).

> "Under longstanding judicial precedent, the movant in most cases must . . . demonstrate three things: (1) a likelihood of success on the merits of the action; (2) the danger of irreparable injury in the absence of preliminary injunctive relief; and (3) a balance of equities in favor of the moving party. *See, e.g., Nobu Next Door, LLC v. Fine Arts Housing, Inc.*, 2005, 4 N.Y. 3d 839, 840, 800 N.Y.S. 2d 48, 49. In applying these requirements, the court must 'weigh a variety of factors', and the matter is committed to the court's sound discretion. *Doe v. Axelrod*, 1988, 73 N.Y. 2d 748, 750, 536 N.Y.S. 2d 44,45 53." V. ALEXANDER, MCKINNEY'S PRACTICE COMMENTARIES, C6301:1, p.12 (2010).

Because the application of the standards for the issuance of a preliminary injunction are committed to the sound discretion of the courts, the prediction of how and when such discretion will in fact be exercised must necessarily be highly dependent upon the exact threatened impact upon bondholder security. We note that the lower court in *Patterson* granted a preliminary injunction, as to which no appeal was taken, against enforcement of the legislation involved in that case without any showing of a possible future payment default. *See Patterson*, 41 N.Y.2d 714.

Opinion as to Injunctive Relief Under State Law

Based upon our review of relevant judicial authority, including as discussed in this opinion, but subject to the qualifications, limitation and assumptions set forth herein, it is our opinion that, after the Bonds are issued, but before they are fully paid, a reviewing court of competent jurisdiction applying New York law, in a properly prepared and presented case, should conclude that preliminary injunctive relief is available to maintain the *status quo* pending trial, and that, following the trial, assuming the court determined that the Impairment Action was violative of the State Due

Process Clause, permanent injunctive relief should be awarded to protect the New York State Pledge from the Impairment Action absent any overriding health, comfort, safety and welfare of society justification.

SEVERABILITY OF PROVISIONS OF STATUTE

The Statute provides that the provisions thereof are intended to be severable. In accordance with Section 14 of the Statute, if any section, subdivision, paragraph or subparagraph of the Statute or the application thereof to any person, circumstance or transaction is held by a court of competent jurisdiction to be unconstitutional or invalid, the unconstitutionality or invalidity shall not affect the constitutionality or validity of any other section, subdivision, paragraph or subparagraph of the Statute or its application or validity to any person, circumstance or transaction, including, without limitation, the irrevocability of a restructuring cost financing order issued pursuant to the Statute, the validity of the issuance of restructuring bonds, the imposition of transition charges, the transfer or assignment of restructuring property or the collection and recovery of revenues from transition charges (as such terms are defined in the Statute). Furthermore, in accordance with Section 12 of the Statute, effective on the date the Bonds are issued, if any provision of the Statute is held to be invalid or is invalidated, superseded, replaced, repealed or expires for any reason, that occurrence shall not affect any action allowed under the Statute that is taken by the Authority, LIPA, the Bond Issuer or any owner of T&D system assets, an assignee, a collection agent, a financing party, a holder of restructuring bonds or a party to an ancillary agreement (as such terms are defined in the Statute) and any such action shall remain in full force and effect.

VOTER REFERENDA OR INITIATIVE

Under Article III, Section 1 of the State Constitution, the legislative power of the State is vested in the State senate and assembly. Under the existing State Constitution and under existing statutes and court decisions, there is no provision for a voter initiative or referendum for the purpose of amending or repealing the Statute.

* * * *

We note that judicial analysis of issues relating to the Federal Takings Clause, the State Takings Clause and the retroactive effect to be given to judicial decisions has typically proceeded on a case-by-case basis and that a court's determination, in most instances, is strongly influenced by the facts and circumstances of the particular case, many of which cannot be known at this time. We further note that there are no reported controlling judicial precedents of which we are aware directly on point. Our analysis is necessarily a reasoned application of judicial decisions involving similar or analogous circumstances. Moreover, the application of equitable principles (including the availability of injunctive relief or the issuance of a stay pending appeal) is subject to the discretion of the court which is asked to apply them. We cannot predict the facts and circumstances which will be present in the future and may be relevant to the exercise of such discretion. Consequently, there can be no assurance that a court will follow our reasoning or reach the conclusions which we believe current judicial precedent supports. None of the foregoing opinions is intended to be a guaranty as to what a particular court would actually hold; rather, each such opinion is only an expression as to the decision a court ought to reach if the issue were properly prepared and presented to it and the court followed what we believe to be the applicable legal principles under existing judicial precedent. The recipients of this letter should take these considerations into account in analyzing the risks associated with the Transaction.

The opinions set forth above are given as of the date hereof and we disavow any undertakings or obligations to advise you of any changes in the law (whether constitutional, statutory, regulatory or judicial) which may hereafter occur or any facts or circumstances that may hereafter occur or come to our attention that could affect such opinions.

This opinion is solely for your benefit in connection with the Transaction and may not be relied upon, used or circulated by, quoted, or otherwise referred to by, nor may copies hereof be delivered to, any other person without our prior written approval, except that a copy of this opinion may be included in any transcript of proceedings and documents relating to the Bonds.

No attorney-client relationship has existed between you and our firm in connection with the foregoing matters, and no relationship shall exist by virtue of this letter.

Very truly yours,

Schedule I

ADDRESSEES

S&P Global Ratings
55 Water Street
New York, New York 10041

Moody's Ratings
7 World Trade Center
250 Greenwich Street
New York, New York 10007

Fitch Ratings
Hearst Tower
300 West 57th Street
New York, New York 10019

Utility Debt Securitization Authority c/o
Long Island Lighting Company d/b/a LIPA
333 Earle Ovington Boulevard
Uniondale, New York 11553

For itself and as Representative of the Underwriters of the Bonds:

BofA Securities, Inc.
One Bryant Park, 12th Floor
New York, New York 10036

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL
RELATING TO REGULATORY MATTERS

December __, 2025

To Each Person Listed on
the Attached Schedule I

Re: Utility Debt Securitization Authority Restructuring Bonds, Series 2025;
Opinion Regarding Regulatory Matters

Ladies and Gentlemen:

We have acted as Bond Counsel to the Long Island Power Authority, a corporate municipal instrumentality, body corporate and politic and a political subdivision of the State of New York (the "Authority") and the Utility Debt Securitization Authority, a special purpose corporate municipal instrumentality, body corporate and politic, political subdivision and public benefit corporation of the State of New York (the "Bond Issuer"), in connection with, among other things, the transfer and sale by the Authority of all of its right, title and interest in, to and under certain restructuring property to the Bond Issuer, as more fully described below, the issuance by the Bond Issuer of the Bonds referred to below and the other related transactions referred to and described below.

Pursuant to Part B of Chapter 173 of the Laws of New York, 2013 (the "Original Statute"), as amended by Chapter 58 of the Laws of New York, 2015 and by Chapter 369 of the Laws of New York, 2021 (collectively, the "Amendments") (the Original Statute as amended by the Amendments is hereinafter referred to as the "Statute"), the Authority is authorized to adopt restructuring cost financing orders with respect to the creation of restructuring property (as defined in the Statute) in connection with the issuance of restructuring bonds (as defined in the Statute) by the Bond Issuer pursuant to such restructuring cost financing orders. In connection with the issuance of the Bonds by the Bond Issuer on the date hereof, the Authority adopted Restructuring Cost Financing Order No. 8 on May 18, 2022 ("Financing Order No. 8") that, among other things, authorized the creation and sale of restructuring property (the restructuring property created pursuant to Financing Order No. 8 hereinafter referred to as the "Restructuring Property") which includes the irrevocable right to impose, bill, collect and receive certain nonbypassable transition charges (as adjusted from time to time pursuant to Financing Order No. 8, the "Charges") from all individuals and legally-recognized entities taking electric delivery service in the geographical area within which Long Island Lighting Company, a New York corporation now a subsidiary of the Authority doing business under the name LIPA ("LIPA") provided electric transmission and distribution service as of July 29, 2013 (such customers, the "Customers," and such geographic area, the "Service Area"). The Bonds will be secured by a statutory lien and a security interest in the Restructuring Property, together with certain other property of the Bond Issuer.

The Bond Issuer was created pursuant to section 4 of the Statute on July 29, 2013.

THE TRANSACTION

On the date hereof, the Authority is selling the Restructuring Property to the Bond Issuer under the Restructuring Property Purchase and Sale Agreement dated as of December __, 2025 between the Authority and the Bond Issuer (the "Sale Agreement") for an amount in cash (the "Net Proceeds"). Under the Restructuring Property Servicing Agreement dated as of December __, 2025 between LIPA, in its capacity as Servicer, and the Bond Issuer (the "Servicing Agreement"), LIPA has agreed to service the Restructuring Property. Under the Administration Agreement dated as of December __, 2025 between LIPA, as Administrator (the "Administrator"), and the Bond Issuer, LIPA has agreed to perform certain administrative services on behalf of the Bond Issuer (the "Administration Agreement").

On the date hereof, the Bond Issuer is issuing its Restructuring Bonds, Series 2025 (the "Bonds"), under the Bond Indenture dated as of December __, 2025 (the "Indenture") between the Bond Issuer and The Bank of New York Mellon, as Bond Trustee (the "Bond Trustee").

Pursuant to the Bond Purchase Agreement dated December __, 2025 (the "Bond Purchase Agreement"), between the Bond Issuer and BofA Securities, Inc., as representative of the several initial purchasers named therein (the "Initial Purchasers"), such Initial Purchasers have agreed severally to purchase the Bonds from the Bond Issuer.

As used herein, the term "Transaction Documents" means, collectively, the Sale Agreement, the Servicing Agreement, the Administration Agreement, the Bonds, the Indenture and the Bond Purchase Agreement, and "Transaction" means the transactions contemplated by the Transaction Documents. Capitalized terms used herein that are not otherwise defined shall have the meanings assigned to them in the Indenture.

FACTS AND ASSUMPTIONS

In connection with rendering the opinions set forth below, we have examined and, as to various factual matters, relied upon originals or copies, certified or otherwise identified to our satisfaction, of the following:

i. the by-laws of the Bond Issuer;

ii. the Transaction Documents;

iii. a certified copy of certain resolutions of the Board of Trustees of the Authority, dated May 18, 2022;

iv. the Issuance Advice Letter dated November __, 2025, filed with the Authority by the Servicer and confirmed and approved by an Authority Designee;

v. the Statute; and

vi. Financing Order No. 8.

We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Bond Issuer, LIPA and the Authority, agreements, certificates of public officials, certificates of officers or other representatives of the Bond Issuer, LIPA and the Authority and others, and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein. We have made no independent investigation of the facts referred to herein, and with respect to such facts, we have relied, for the purpose of rendering this opinion and, except to the extent such statement constitutes a statement of a legal conclusion expressed in this opinion or as otherwise stated herein, exclusively on the factual statements contained and matters provided for in all of the closing documents delivered in connection with the closing of the Transaction, the documents referenced above, including the factual representations, warranties and covenants contained therein as made by the respective parties thereto. In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents.

As used herein, the phrase "to our knowledge" with respect to the existence or absence of facts is intended to signify that, while we have made no specific inquiry or other independent examination to determine the existence or absence of such facts, the attorneys in this firm who were actively involved in the Transaction have obtained no actual knowledge to the contrary regarding such facts.

Our opinions herein with respect to the Statute are limited to the Statute as in effect on the date hereof. We express no opinion herein as to the laws of any jurisdiction other than the laws of the State.

For purposes of the opinion expressed in the first sentence of paragraph 2 below, we have relied solely on our review of the Statute, as set forth in Part B of Chapter 173, State of New York Laws, 2013, as amended.

OPINIONS

Based on the foregoing facts and assumptions being correct and continuing to be correct at all relevant times, and subject to the qualifications, limitations and assumptions set forth herein and while courts may differ and no cases interpreting the transfer of the Restructuring Property under the Statute have been decided, it is our opinion that a reviewing court, in a properly prepared and presented case, relying on the facts on which we have relied and giving them the proper weight and authority, properly applying the Statute to the Transaction would conclude that:

1. Financing Order No. 8 was duly authorized and issued by the Authority in accordance with all applicable State laws, rules and regulations (including the Statute); Financing Order No. 8 and the process by which it was issued comply with all applicable State laws, rules and regulations, including the Statute; and Financing Order No. 8 is in full force and effect and is final and nonappealable.

2. The Original Statute and the Amendment have each been duly enacted by the Legislature of the State in accordance with all applicable State laws, and other than the Amendment, the Statute has not been amended, repealed or rescinded and is in full force and effect. To our knowledge, the validity of the Statute is not the subject of any pending litigation or appeal.

3. Financing Order No. 8, among other things, (i) authorizes and approves the issuance of the Bonds, (ii) authorizes the creation and sale of the Restructuring Property to the Bond Issuer, (iii) authorizes the owner of the Restructuring Property to impose, bill and collect the Charges, (iv) authorizes the Bond Issuer to pledge the Restructuring Property as security for the repayment of the Bonds, (v) authorizes LIPA to serve as initial Servicer for the Bond Issuer, and (vi) authorizes periodic adjustments of the Charges, and the paragraphs of Financing Order No. 8 authorizing the foregoing are irrevocable.

4. The Restructuring Property may be transferred, sold, conveyed or assigned to the Bond Issuer, and includes the rights and interests under Financing Order No. 8 described in Ordering Paragraph 11 of Financing Order No. 8.

5. Section 9 of the Statute includes an explicit pledge binding on the State (the "State Pledge") that the State will not take or permit any action that impairs the value of the Restructuring Property, or, except for periodic adjustments required to be made pursuant to the adjustment mechanism specified in Financing Order No. 8, reduces, alters, or impairs the Charges until the principal, interest and premium, if any, and any other Ongoing Financing Costs (as defined in Financing Order No. 8) have been paid in full. The State Pledge is applicable to the Transaction.

6. The Bonds are "restructuring bonds" within the meaning of the Statute and the Bonds are entitled to the protections provided under the Statute and Financing Order No. 8, and the Bond Trustee on behalf of the holders of the Bonds shall be, to the extent permitted by State of New York and federal law and the Indenture, entitled to enforce the protections of the Statute and Financing Order No. 8.

7. The Restructuring Property sold to the Bond Issuer pursuant to the Sale Agreement, including the irrevocable right to impose, collect and receive Charges and the revenues and collections from the Charges, is "restructuring property" within the meaning of the Statute.

8. The Bond Issuer has acquired the Authority's rights with respect to the Restructuring Property.

9. The transaction involving the sale of the Restructuring Property constitutes a true sale thereof other than for federal, state and local income and franchise tax purposes.

10. The Transaction, as contemplated by the Transaction Documents, conforms to Financing Order No. 8 in all material respects.

11. As provided in sections 7.1(f) and 8.2(b) of the Statute, any successor owner of the T&D System Assets and any successor Servicer shall be bound by the requirements of the Statute and shall perform and satisfy all obligations of a Servicer in the same manner and to the same extent under Financing Order No. 8 as did LIPA, as the initial Servicer, including, without limitation, the obligation to impose, bill and collect the Charges and to pay such

collections to the person entitled to receive the Charge revenues. As provided in sections 8 and 15 of the Statute, Financing Order No. 8 is also binding on any other entity responsible for billing and collecting Charges on behalf of the Bond Issuer and any successor regulator to the Authority.

12. Pursuant to Ordering Paragraph 12 of Financing Order No. 8 and Annex 1 to the Servicing Agreement, the Servicer is authorized to file True-Up Adjustments to the Charges to the extent necessary to ensure the timely recovery of revenues sufficient to provide for the payment of all principal of and interest on the Bonds and all other approved Financing Costs (as defined in Financing Order No. 8).

QUALIFICATIONS

Our opinions are limited to the specific issues addressed and are limited in all respects to laws and facts existing on the date of this letter. The opinions expressed above do not constitute a guarantee of the outcome of any particular litigation, and there can be no assurance that action will not be taken in federal or state court challenging the constitutionality of the provisions of the Statute relating to the Bonds. Moreover, there can be no assurance that there will be no action by the State which might constitute a violation of the State Pledge. Furthermore, given the lack of judicial precedent directly on point, and the novelty of the Transaction, the outcome of any litigation cannot be predicted with any degree of certainty. In the event of any claim or state action which adversely impacts the rights of the Bondholders, costly and time-consuming litigation might ensue, adversely affecting, at least temporarily, the price and liquidity of the Bonds.

The foregoing opinions are expressly subject to there being no material change in the law, and there being no additional facts which would materially affect the assumptions set forth herein. The opinions set forth above are given as of the date hereof and we disavow any undertakings or obligations to advise you of any changes in the law (whether constitutional, statutory, regulatory or judicial) which may hereafter occur or any facts or circumstances that may hereafter occur or come to our attention that could affect such opinions.

This opinion is solely for your benefit in connection with the Transaction and may not be relied upon, used or circulated by, quoted, or otherwise referred to by, nor may copies hereof be delivered to, any other person without our prior written approval, except that a copy of this opinion may be included in any transcript of documents and proceedings relating to the Bonds.

Very truly yours,

Schedule I

ADDRESSEES

S&P Global Ratings
55 Water Street
New York, New York 10041

Moody's Ratings
7 World Trade Center
250 Greenwich Street
New York, New York 10007

Fitch Ratings
Hearst Tower
300 West 57th Street
New York, New York 10019

Utility Debt Securitization Authority c/o
Long Island Lighting Company d/b/a LIPA
333 Earle Ovington Boulevard
Uniondale, New York 11553

For itself and as Representative of the Underwriters of the Bonds:

BofA Securities, Inc.
One Bryant Park, 12th Floor
New York, New York 10036

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APPENDIX F

FORM OF THE CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of December __, 2025 (the "Continuing Disclosure Agreement"), is made by the Utility Debt Securitization Authority (the "Issuer") and Long Island Lighting Company, d/b/a LIPA, in its capacity as Servicer (the "Servicer"), pursuant to the Servicing Agreement, dated December __, 2025 (the "Servicing Agreement"), between the Issuer and the Servicer, and is being delivered in connection with the issuance and sale by the Issuer of its $_____ 2025 Restructuring Bonds (the "2025 Restructuring Bonds") pursuant to the terms of that certain Bond Indenture, dated as of December __, 2025, between the Issuer and The Bank of New York Mellon, as Bond Trustee (as the same may be amended and supplemented from time to time, the "Indenture"), between the Issuer and the Trustee. Capitalized terms used but not defined herein shall have the meanings given such terms in the Indenture.

Article I. Definitions

(a) "Annual Accountant's Report" has the meaning given such term in Section 3.07(a) of the Servicing Agreement.

(b) "Annual Financial Information" means the Annual Accountant's Report and the Annual Servicer Information.

(c) "Annual Servicer Information" means the Semi-Annual Servicer Certificates and the tabular information presented in the Official Statement in Appendix A thereto under the headings "Servicer and Administrator – Credit Policy," "– Billing Process," "– Revenues, LIPA's Customer Base and Electric Energy Consumption," "– Forecasting Electricity Consumption," "– Loss Experience," "– Days Sales Outstanding" and "– Write-Off and Delinquencies Experience."

(d) "Counsel" means Nixon Peabody LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, in each case acceptable to the Issuer and the Servicer.

(e) "Compliance Certificate" shall mean the annual certificate as to compliance delivered pursuant to Section 3.06 of the Servicing Agreement.

(f) "EMMA" means the MSRB's Electronic Municipal Market Access system or its successor.

(g) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Continuing Disclosure Agreement.

(h) "Notice Event" means any of the following events with respect to the 2025 Restructuring Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) 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 or determinations with respect to the tax status of the 2025 Restructuring Bonds, or other material events affecting the tax status of the 2025 Restructuring Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) bond calls, other than bond calls relating to mandatory sinking fund redemptions, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the 2025 Restructuring Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer[1];

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

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the 2025 Restructuring Bonds, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(i) "Notice Event Notice" means written or electronic notice of a Notice Event.

(j) "Official Statement" means the Official Statement, dated December __, 2025, relating to the 2025 Restructuring Bonds.

(k) "Reports to Holders" means the reports provided to Holders by the Bond Trustee pursuant to Section 6.06(b) of the Indenture.

(l) "Rule" means Rule 15c2 12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2 12), as in effect on the effective date hereof, including any official interpretations thereof.

(m) "SEC" means the United States Securities and Exchange Commission.

(n) "Semi-Annual Servicer Certificates" has the meaning given such term in Section 3 of Annex I to the Servicing Agreement.

(o) "State" means the State of New York.

Article II. The Undertaking

Section 2.01 Purpose. This Continuing Disclosure Agreement is being executed, delivered and made solely to assist the underwriters of the 2025 Restructuring Bonds in complying with subsection (b)(5) of the Rule.

Section 2.02 Undertaking. In accordance with Section 7.12 of the Servicing Agreement, the Servicer shall, as designated agent of the Issuer, for the sole benefit of the Bondholders (and, to the extent specified in this Article II, the beneficial owners) of the Outstanding Bonds, provide, in a timely manner, to the MSRB, through EMMA, in the format and including such identifying information as shall be prescribed by the MSRB:

(a) not later than 180 days following the end of each fiscal year of the Issuer (x) an annual report of the Issuer, including, to the extent available, the Annual Accountant's Report and Compliance Certificate and (y) the Annual Servicer Information;

(b) not later than 30 days after the applicable Payment Date, the Report to Holders; and

[1] Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer. As provided in the Securitization Law, the Issuer is not authorized to file for bankruptcy under Chapter 9 of the U.S. Bankruptcy Code.

(c) if a Notice Event occurs, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, a Notice Event Notice to the MSRB.

Section 2.03 Annual Accountant's Report. If, and to the extent prepared, the contents, presentation and format of the Annual Accountant's Report may thereafter be modified from time to time as determined in the judgment of the Issuer to conform to changes to the Rule to disclosure principles or practices and legal requirements followed by or applicable to the Issuer, provided that such modification shall comply with the requirements of the Rule. The annual financial statements of the Issuer for each fiscal year shall be prepared in accordance with generally accepted accounting principles in effect from time to time or mandated State statutory principles.

Section 2.04 Limitations on Liability. The Servicer does not undertake to provide such notice with respect to: (x) credit enhancement if the enhancement is added after the primary offering of the 2025 Restructuring Bonds, the Issuer does not apply for or participate in obtaining the enhancement, and the enhancement is not described in the applicable official statement of the Issuer; or (y) tax exemption other than pursuant to the Act or the Securitization Law.

Section 2.05 Remedies.

(a) In addition to the Trustee's and Holders' remedies specified in the Basic Documents, any beneficial owner of the 2025 Restructuring Bonds described in this Section may bring a Proceeding to enforce this Continuing Disclosure Agreement without acting in concert if (1) such owner shall have filed with the Servicer evidence of beneficial ownership and written notice of, and request to cure, the alleged breach, (2) the Servicer shall have failed to comply within a reasonable time, and (3) such beneficial owner stipulates that (A) no challenge is made to the adequacy of any information provided in accordance with this Continuing Disclosure Agreement and (B) no remedy is sought other than substantial performance of this Continuing Disclosure Agreement. To the extent permitted by law, each beneficial owner agrees that all such proceedings shall be instituted only as specified herein, and for the equal benefit of all such owners of the Outstanding Bonds benefited by the same or a substantially similar undertaking.

(b) For the purposes of this Section, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, except that a person who in the ordinary course of business is a pledgee of securities under a written pledge agreement shall not be deemed to be the beneficial owner of such pledged securities until the pledgee has taken all formal steps to declare a default and determines that the power to dispose or to direct the disposition of such pledged securities will be exercised, provided that:

(i) the pledge agreement is bona fide;

(ii) the pledgee is:

1) a broker or dealer registered under § 15 of the Exchange Act;

2) a bank as defined in § 3(a)(6) of the Exchange Act;

3) an insurance company as defined in § 3(a)(19) of the Exchange Act;

4) an investment company registered under § 8 of the Investment Company Act;

5) an investment adviser registered under § 203 of the Investment Advisers Act of 1940;

6) an employee benefit plan, or pension fund which is subject to the provisions of ERISA or an endowment fund;

7) a parent holding company, provided the aggregate amount held directly by the parent, and directly and indirectly by its subsidiaries which are not persons

specified in items (1) through (6) of this clause (ii) does not exceed 1% of the securities of the subject class;

8) a group, provided that all the members are persons specified in items (1) through (7) of this clause (ii); and

(iii) the pledge agreement, prior to default, does not grant to the pledgee the power to dispose or direct the disposition of the pledged securities, other than the grant of such power(s) pursuant to a pledge agreement under which credit is extended subject to Regulation T (12 CFR 220.1 to 220.8) and in which the pledgee is a broker or dealer registered under § 15 of the Exchange Act.

(c) Any amendment of this Continuing Disclosure Agreement may only be entered into:

(i) if all or any part of the Rule, as interpreted by the staff of the SEC at the date hereof, ceases to be in effect for any reason and the Issuer and the Servicer elect that this Continuing Disclosure Agreement shall be deemed terminated or amended (as the case may be) accordingly, or

(ii) if:

1) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer and the Servicer, as the case may be, or type of business conducted,

2) this Continuing Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

3) the amendment does not materially impair the interests of the Holders of each affected Tranche of 2025 Restructuring Bonds, as determined by parties unaffiliated with the Issuer and the Servicer (such as, but without limitation, counsel to the Issuer and the Servicer) or by Holder consent pursuant to the Basic Documents.

Section 2.06 Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer or the Servicer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or Notice Event Notice, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer or the Servicer choose to include any information in any Annual Financial Information or Notice Event Notice in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer and the Servicer shall have no obligation under this Continuing Disclosure Agreement to update such additional information or include it in any future Annual Financial Information or Notice Event Notice.

Article III. Operating Rules

Section 3.01 Reference to Other Documents. It shall be sufficient for purposes of Section 2.02 hereof if the Servicer provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section shall not apply to Notice Event Notices pursuant to Section 2.02(iv) hereof.

Section 3.02 Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 3.03 Dissemination Agents. The Servicer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Servicer under this Continuing Disclosure Agreement, and revoke or modify any such designation.

Section 3.04 Transmission of Notices, Documents and Information.

(a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to EMMA, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (currently, portable document format (pdf) which must be word searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

Article IV. Effective Date, Successor Servicer, Termination and Execution

Section 4.01 Effective Date. This Continuing Disclosure Agreement and the provisions hereof shall be effective upon the issuance of the 2025 Restructuring Bonds.

Section 4.02 Successors Servicer. As provided in Sections 6.04(b) and 7.12 of the Servicing Agreement, the duties of LIPA under this Continuing Disclosure Agreement shall be performed by any Successor Servicer appointed under the terms of the Servicing Agreement.

Section 4.03 Termination.

(a) The Servicer's obligations under this Continuing Disclosure Agreement shall terminate with respect to the 2025 Restructuring Bonds of a Tranche upon a Legal Defeasance pursuant to Section 4.01 of the Indenture, prior redemption or payment in full of such 2025 Restructuring Bonds of a Tranche.

(b) This Continuing Disclosure Agreement, or any provision hereof, shall be null and void in the event that the Issuer and the Servicer (1) receives an Opinion of Counsel to the effect that those portions of the Rule which require this Continuing Disclosure Agreement, or such provisions, as the case may be, do not or no longer apply to the 2025 Restructuring Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) deliver copies of such opinion to the MSRB.

Section 4.04 Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same agreement.

[Signature Page to Continuing Disclosure Agreement Follows]

UTILITY DEBT SECURITIZATION AUTHORITY

By: _____
Name:
Title:

LONG ISLAND LIGHTING COMPANY

By: _____
Name:
Title:

APPENDIX G

LIST OF REFUNDED DEBT

The Authority expects to use the proceeds from the sale of the 2025 Restructuring Property to facilitate the purchase, redemption, repayment or defeasance of certain of the Issuer's Prior Restructuring Bonds (collectively, the "Refunded Debt") listed below. Any purchase, redemption, repayment or defeasance of the Refunded Debt is contingent upon the delivery of the 2025 Restructuring Bonds.

Series	Tranche	Scheduled Maturity Date*	Outstanding Par Amount	Preliminary Refunded Par Amount	Interest Rate	CUSIP**
2015	Tranche 11	12/15/2026	$8,300,000	$8,300,000	5.00%	91802RBH1
2015	Tranche 12	12/15/2027	4,835,000	4,835,000	5.00	91802RBJ7
2015	Tranche 13	12/15/2028	6,350,000	6,350,000	5.00	91802RBK4
2015	Tranche 14	12/15/2029	5,320,000	5,320,000	3.00	91802RBL2
2015	Tranche 15	12/15/2030	133,600,000	133,600,000	5.00	91802RBM0
2015	Tranche 16	12/15/2030	30,000,000	30,000,000	3.00	91802RBW8
2015	Tranche 17	12/15/2031	133,135,000	133,135,000	5.00	91802RBN8
2015	Tranche 18	12/15/2032	91,130,000	91,130,000	5.00	91802RBP3
2015	Tranche 19	12/15/2033	99,725,000	99,725,000	5.00	91802RBQ1
2015	Tranche 20	12/15/2034	129,130,000	129,130,000	5.00	91802RBT5
2015	Tranche 21	12/15/2035	114,880,000	114,880,000	5.00	91802RBV0
2015	Tranche 22	12/15/2035	50,000,000	50,000,000	4.00	91802RBU2

* Scheduled maturity. Legal final maturity is two years after the scheduled maturity.

** CUSIP numbers have been assigned by an organization not affiliated with the Issuer or the Authority and are included solely for the convenience of the holders of the Refunded Debt. Neither the Issuer nor the Authority is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to the correctness of the CUSIP numbers on the Refunded Debt or as indicated above.

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SCHEDULE 1

Potential Tendered Bonds

The following list of Target Bonds is not final and is subject to change prior to the issuance of the 2025 Restructuring Bonds. The Issuer reserves the right to purchase all, none or only a portion of the offered bonds listed below and also reserves the right to refund such bonds, or to purchase or refund bonds in addition to those listed below.

Series	Tranche	Scheduled Maturity	Outstanding Par Amount	Interest Rate	CUSIP*
2016A	Tranche 12	12/15/2030	$20,560,000	5.00%	91802RCE7
2016A	Tranche 13	12/15/2031	54,260,000	5.00	91802RCF4
2016A	Tranche 14	12/15/2032	113,520,000	5.00	91802RCG2
2016A	Tranche 15	12/15/2033	61,870,000	5.00	91802RCH0
2016B	Tranche 15	12/15/2028	36,645,000	5.00	91802RCV9
2016B	Tranche 17	12/15/2031	26,830,000	5.00	91802RCX5
2016B	Tranche 18	12/15/2032	28,185,000	5.00	91802RCY3
2016B	Tranche 19	12/15/2033	10,000,000	4.00	91802RDH9
2016B	Tranche 20	12/15/2033	15,550,000	5.00	91802RCZ0
2017	Tranche 25	12/15/2036	63,235,000	5.00	91802REJ4
2017	Tranche 26	12/15/2037	62,085,000	5.00	91802REK1
2017	Tranche 27	12/15/2038	69,810,000	5.00	91802REL9
2017	Tranche 28	12/15/2039	82,700,000	5.00	91802REM7

* CUSIP numbers have been assigned by an organization not affiliated with the Issuer or the Authority and are included solely for the convenience of the holders of the Tendered Bonds. None of the Issuer, the Authority, the Dealer Managers, the Information Agent and the Tender Agent or their respective agents or counsel assume responsibility for the accuracy of such numbers.

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SCHEDULE 2

Book-Entry-Only System

The Role of DTC. Cede & Co., as nominee for DTC, will hold the 2025 Restructuring Bonds.

The Function of DTC. 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

The Rules for Transfers Among DTC. Transfers between DTC participants will occur in accordance with DTC rules.

DTC Will Be the Holder of the 2025 Restructuring Bonds. Purchases of the 2025 Restructuring Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Restructuring Bonds on DTC's records. The ownership interest of each actual purchaser of each 2025 Restructuring Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2025 Restructuring 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 2025 Restructuring Bonds, except in the event that use of the book-entry system for the 2025 Restructuring Bonds is discontinued.

To facilitate subsequent transfers, all 2025 Restructuring 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 the 2025 Restructuring Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025 Restructuring Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 Restructuring Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2025 Restructuring Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument ("MMI") Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2025 Restructuring Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2025 Restructuring 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 Issuer, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2025 Restructuring Bonds at any time by giving reasonable notice to the Issuer. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

The information in this subsection concerning DTC has been obtained from sources that the Issuer believes to be reliable, but the Issuer does not take any responsibility for the accuracy thereof or make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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SCHEDULE 3

Second Party Opinion and Sustainability and Resilience Profile

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Second Party Opinion

Issuer:	**Utility Debt Securitization Authority**
Issue Description:	Restructuring Bonds, Series 2025TE-1 (Green Bonds)
Project:	Electrical Grid Capital Improvements
Green Standard:	ICMA Green Bond Principles
Green Categories:	Climate Change Adaptation Clean Grid Infrastructure (Transmission & Distribution) New Category
Keywords:	Renewables, offshore wind, solar, transmission and distribution, electrification, net zero, energy efficiency, battery storage, decarbonized grid, storm hardening, grid modernization, climate adaptation, climate resilience, Long Island, New York State ✓ Resilient Infrastructure
Par:	$112,305,000*
Evaluation Date:	November 4, 2025

*Preliminary, subject to change

GREEN BONDS DESIGNATION

Kestrel, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the Restructuring Bonds, Series 2025TE-1 (Green Bonds) (the "2025TE-1 Restructuring Bonds") to evaluate conformance with the Green Bond Principles (June 2025 with June 2022 Appendix 1) established by the International Capital Market Association. In addition, the 2025TE-1 Restructuring Bonds were benchmarked using Kestrel Sustainability Intelligence™. Our team for this engagement included analysts with experience in sustainability and environmental science.

This Second Party Opinion reflects our review of the uses and allocation of proceeds, oversight, and conformance of the 2025TE-1 Restructuring Bonds with the Green Bond Principles. In our opinion, the 2025TE-1 Restructuring Bonds are impactful, net zero aligned, conform with the four core components of the Green Bond Principles, and qualify for Green Bonds designation. Importantly, they are eligible in the categories of *Climate Change Adaptation* and *Clean Grid Infrastructure (Transmission & Distribution)*.

ABOUT THE ISSUER AND THE AUTHORITY

The Utility Debt Securitization Authority (the "Issuer") was created in June 2013 after the New York State Assembly and Senate passed the Long Island Power Authority Reform Act. The purpose of the Issuer is to provide cost effective financing for system resiliency projects through the issuance of restructuring bonds and to allow retirement of certain outstanding indebtedness of the Long Island Power Authority and the Issuer.

Long Island Power Authority (the "Authority") provides electric transmission and distribution services to approximately 1.2 million customers in Nassau and Suffolk Counties and the Rockaways in Queens County. The Authority has an Operations Services Agreement with a subsidiary of the Public Service Enterprise Group ("PSEG Long Island"). PSEG Long Island is an independent contractor and the service provider for the transmission and distribution system.

The Authority purchases power from multiple sources located in New York and has ownership in the Nine Mile Point Nuclear Station, Unit 2. To distribute electricity from these sources, the Authority contracts with PSEG Long Island to operate the transmission and distribution system which includes approximately 1,400 miles of transmission lines, 14,000 miles of distribution lines, 193,000 transformers and other assets. In 2024, the system served a peak demand of approximately 5,000 MW.[1]

New York's Climate Leadership & Community Protection Act (the "New York Climate Act") established statewide goals for 70% renewable energy by 2030 and 100% zero-emission electricity by 2040. To enable these goals, the Authority has reduced its reliance on fossil fuels,[2] integrated more renewable energy resources, and prioritized battery storage. Renewable resources include multiple solar and offshore wind projects and battery storage projects are in development.

Long-term planning efforts have established strategic objectives for the Authority's transmission and distribution system to prepare for a resilient grid with 100% clean energy, including:

- Facilitating interconnection of more renewable energy and distributed energy resources;
- Protecting the grid from natural hazards and reducing outages caused by storms; and
- Installing advanced grid management technologies and systems for comprehensive asset management.

Customer Programs and Rates

Programs are part of a comprehensive transition to achieve 100% clean grid by 2040. PSEG Long Island administers a suite of programs with rebates and incentives for energy efficiency upgrades, transportation electrification, energy storage and solar installation.[3] Long Island and the Rockaways are expected to have 1,200 MW of rooftop solar by 2030, exceeding New York's goal for solar installation.[4] The Authority also launched the Clean Energy Hub, a platform to inform residential and commercial customers about available incentives and tax credits for solar installation, electrification, and energy efficiency projects.[5]

[1] "2025 Budget Report," Long Island Power Authority, March 2025, https://www.flipsnack.com/lipower/2025-budget-report/full-view.html.

[2] "2023 Integrated Resource Plan," Long Island Power Authority, 2023, https://www.psegliny.com/aboutpseglongisland/2023IRP; and "LIPA's Plans to Transition to a Carbon-Free Electric Grid," Long Island Power Authority, accessed October 28, 2025, https://www.flipsnack.com/lipower/lipa-s-plans-to-transition-to-a-carbon-free-electric-grid/full-view.html.

[3] "Utility 2.0 Long Range Plan & Energy Efficiency Plan, 2024 Annual Update, Version 2," PSEG Long Island, August 15, 2024, https://www.lipower.org/wp-content/uploads/2025/02/2024-Utility-2.0-Filing-and-EE-Plan_Version-2.pdf.

[4] "2023 Integrated Resource Plan: Summary Guide," Long Island Power Authority, updated March 2024, https://www.flipsnack.com/lipower/2023-irp-summary-guide/full-view.html.

[5] Launched in partnership with New York State Energy Research and Development Authority, among other partners. "Long Island Clean Energy Hub," Long Island Power Authority and New York State Energy Research and Development Authority, accessed October 23, 2025, https://www.lismartenergychoices.org/.

Modified rate structures incentivize customers to shift electricity use to off-peak hours. By using Time-of-Day pricing as the standard billing option, the Authority can reduce peak demand, thereby minimizing the run time of less efficient power plants and reducing need for distribution upgrades to accommodate peak loads.[6] Time-of-Day rates incentivize nighttime EV charging, off-peak use of appliances, and investments in battery storage. The Authority also provides low-income households with rate assistance for utility bills.

Reliability and Resilience

System reliability and resilience are core to the Authority's mission. The Authority has made significant ongoing investments to improve grid resilience after the impacts of extreme weather events including Superstorm Sandy in 2012 and Tropical Storm Isaias in 2020. Building upon ten years of proactive efforts to harden the transmission and distribution system, a Climate Change Vulnerability Report and a Climate Change Resilience Plan were completed in 2024. The 2025TE-1 Restructuring Bonds advance these initiatives, in addition to the statewide decarbonization targets.

ALIGNMENT TO GREEN STANDARDS[7]

Use of Proceeds

The 2025TE-1 Restructuring Bonds finance improvements to the electric transmission and distribution system to enable the transition to a carbon-free grid by 2040 and improve climate resilience. Projects financed by the 2025TE-1 Restructuring Bonds include improvements to the electrical grid to accommodate more renewable energy and strengthening infrastructure to withstand extreme weather events. Descriptions of financed activities are included in Appendix A. The 2025TE-1 Restructuring Bonds support the transition to renewables and a carbon-free grid by 2040 on a programmatic basis. These are eligible projects as defined by the Green Bond Principles in the categories of *Clean Grid Infrastructure (Transmission & Distribution)* and *Climate Change Adaptation*.

Grid Transformation to Accommodate Renewables

It is critical that grid infrastructure keeps pace with growth in renewable energy supply. The New York Climate Act requires addition of 9,000 MW of renewables by 2035.[8] This significant addition of wind and solar energy necessitates physical and operational changes to the electric transmission and distribution system. Bond-financed improvements will allow the Authority to accommodate growth of the renewable power supply.

Transmission system upgrades are needed to (i) facilitate the interconnection between offshore wind generation and the rest of the state, (ii) install substation and local transmission systems to support this new source of supply, and (iii) plan for and install storage capacity. The 2025TE-1 Restructuring Bonds represent an important contribution to meet the State's target to achieve a carbon-free grid by 2040.

[6] "2023 Integrated Resource Plan: Summary Guide," Long Island Power Authority.
[7] Green Bonds are any type of debt instrument where the proceeds will be exclusively applied to finance or refinance eligible Green Projects which are aligned with the four core components of ICMA Green Bond Principles.
[8] For example, the 132-MW South Fork Wind project is operational.

Climate Adaptation and Resilience

The 2025TE-1 Restructuring Bonds also finance projects to improve resilience to extreme weather events and align with the Authority's comprehensive strategy for reliability. Climate hazards such as sea level rise, coastal and inland flooding, high temperatures, and storm surge may affect infrastructure and operations.[9] Table 3 below summarizes notable factors that contribute to resilience of the system.

Table 3. Investments in reliability and resilience in the Authority's system

Category	Resilience Description
Long-Term Planning and Performance	• A Climate Change Vulnerability assessment was completed in March 2024 and informed development of the comprehensive Climate Change Resilience Plan released in September 2024 • The Emergency Response Plan is kept up to date • System reliability metrics are tracked to ensure accountability; targets include duration and frequency of service interruptions under varying conditions
Infrastructure Investments	Upgrades to physical infrastructure, including projects financed by the 2025TE-1 Restructuring Bonds, enhance grid resilience and include: • Utility poles strengthened to withstand high winds • Upsized transformers to increase capacity to handle extreme heat • Automated sectionalizing switches to limit impacts of localized outages • Mitigate flood risk with seawalls or relocate infrastructure • Undergrounding transmission cables to add redundant storm-hardened paths to substations • Vegetation management program to reduce outages caused by trees and vines
Advanced Grid Management	• Investments in Advanced Distribution Management System software improve outage detection and response times for service restoration • Online monitoring systems for key assets such as substation transformers provide real-time indicators of performance and maintenance needs • Advanced metering infrastructure provides meter-level voltage monitoring and helps avoid low-voltage issues on high-heat days

[9] "Community Risk and Resiliency Act (CCRA)," New York State Department of Environmental Conservation, accessed August 30, 2023, https://www.dec.ny.gov/energy/102559.html; and "Responding to Climate Change in New York State (ClimAID)," New York State Energy Research and Development Authority, 2014, https://www.nyserda.ny.gov/About/Publications/Energy-Analysis-Reports-and-Studies/Environmental-Research-and-Development-Technical-Reports/Response-to-Climate-Change-in-New-York.

Process for Project Evaluation and Selection

The 2025TE-1 Restructuring Bond projects (i) align with Long Island Power Authority's Board Policies, mission and vision and adopted plans, and (ii) advance the statewide goal[10] of transitioning to a carbon-free electric grid by 2040 and achieving 70% power generation from renewables by 2030.

Activities financed by the Green Bonds were selected from the Authority's Approved Capital Budget based on potential to enhance system reliability and grid resilience.

Through an established budget development and approval process, the Authority coordinates with PSEG Long Island and the New York State Independent System Operator to evaluate and select transmission and distribution projects.

- The budget process begins with the Key Policy Objectives of the Authority's Board of Trustees ("Board"), including commitments to resiliency, clean energy, electrification, affordability, and grid management technology.
- The Authority's integrated resource plans[11] provide a framework for planning activities and identify infrastructure investments that the electric utility should make to ensure progress toward a carbon-free grid. These priorities are addressed in the bond-financed activities.
- The 2023-2027 Strategic Roadmap[12] and prioritized initiatives in the Climate Change Resilience Study[13] also inform capital planning.
- Ultimately, the Board approves projects for implementation and funding.

All aspects of the Authority's capital planning framework are tied to the State of New York's overarching climate objectives.

Management of Proceeds

Proceeds will solely be allocated to eligible projects identified in the Capital Budget and pay costs of issuance. Funds are tracked in distinct accounts and proceeds will finance and reimburse the Authority for improvements to the transmission and distribution system.

The Authority's Finance and Audit Committee and budget staff are responsible for managing and tracking bond proceeds. If proceeds are not used immediately for reimbursement, funds will be held in the Construction Account and may also be placed in temporary investments in accordance with the Authority's Investment Policy.[14] The Authority's Budget and Treasury departments oversee allocation of proceeds from the 2025TE-1 Restructuring Bonds to eligible projects.

[10] "Progress to our Goals," New York State, Climate Act, accessed October 22, 2025, https://climate.ny.gov/our-impact/our-progress; and "New York Power Grid Study," New York State, New York State Energy Research and Development Authority, https://www.nyserda.ny.gov/About/Publications/Energy-Analysis-Reports-and-Studies/Electric-Power-Transmission-and-Distribution-Reports/Electric-Power-Transmission-and-Distribution-Reports---Archive/New-York-Power-Grid-Study.

[11] "Integrated Resource Plans," Long Island Power Authority, 2023, https://www.lipower.org/integrated-resource-plan/.

[12] "LIPA-PSEG Long Island 5-Year Strategic Roadmap (2023 to 2027)," Long Island Power Authority, February 15, 2023, https://www.lipower.org/wp-content/uploads/2023/02/6.-Discussion-of-Strategic-Planning-Roadmaps.pdf.

[13] "Climate Change Vulnerability Study," PSEG Long Island, accessed October 23, 2025, https://www.psegliny.com/inthecommunity/currentinitiatives/ccvs.

[14] "Long Island Power Investment Policy," Finance and Audit Committee, March 27, 2024, https://www.lipower.org/wp-content/uploads/2025/02/2024-LIPA-Investment-Policy-Exhibit-C.pdf.

Reporting

The Authority has several ongoing reporting processes that are relevant to the Green Bonds.

Reporting Type	Description
Board Updates	Authority staff report to the Board on progress toward New York Climate Act targets, including Authority's activities and performance. Such reports are generally available on the Authority's website: lipower.org/board-of-trustees/board-meetings.
PSEG Long Island Performance Metrics	As the service provider for the transmission and distribution system, PSEG Long Island tracks and reports on quantitative Performance Metrics. Performance Metrics include measures of reliability and resilience and progress toward clean energy targets. See: lipower.org/operational-partners/performance-metrics.
PSEG Long Island Progress toward Statewide Targets	Annually, PSEG Long Island reports progress on the Utility 2.0 Long Range Plan & Energy Efficiency Plan.[15] Reports detail progress toward Long Island's share of statewide clean energy goals, including energy efficiency, heat pump installation, electric vehicles, energy storage, and solar installation.
Statewide Progress	The New York State Energy Research and Development Authority ("NYSERDA") Clean Energy Dashboard tracks contribution of individual utility's programs to the State's climate agenda, including for PSEG Long Island. Reported metrics include greenhouse gas emission reductions and electricity peak demand reductions and are accessible on the NYSERDA website: nyserda.ny.gov/About/Tracking-Progress/Clean-Energy-Dashboard/View-the-Dashboard.[16]

In addition to these reporting efforts, Kestrel will provide one update report on the 2025TE-1 Restructuring Bonds within approximately 12 months of issuance. This report is expected to be produced after all proceeds have been spent and will include confirmation of continued alignment with the Green Bond Principles and updates on financed projects.

The Authority will also submit continuing financial disclosures to the Municipal Securities Rulemaking Board ("MSRB") as long as the 2025TE-1 Restructuring Bonds are outstanding, as well as reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access ("EMMA") system operated by the MSRB.

[15] For example, "Utility 2.0 Long Range Plan & Energy Efficiency Plan, 2024 Annual Update, Version 2," PSEG Long Island, August 15, 2024, https://www.lipower.org/wp-content/uploads/2025/02/2024-Utility-2.0-Filing-and-EE-Plan_Version-2.pdf.

[16] See also, "Climate Act Dashboard," State of New York, accessed October 23, 2025, https://climate.ny.gov/dashboard.

ALIGNMENT WITH UN SDGs

The 2025TE-1 Restructuring Bonds support and advance the vision of the United Nations Sustainable Development Goals ("UN SDGs"), including:

Affordable and Clean Energy (Targets, 7.1, 7.2)
Capital investments to improve reliability of a system delivering clean and renewable energy to customers

Industry, Innovation and Infrastructure (Targets 9.1, 9.4)
Reliability and resilience improvements

Sustainable Cities and Communities (Target 11.6)
Reduced environmental impact of electric utility operations within and outside service areas

Climate Action (Targets 13.1, 13.2)
Continued implementation of projects to reach long-term grid decarbonization targets while maintaining grid reliability and enhancing climate resilience

Full text of the Targets for these Goals is on the United Nations website: un.org/sustainabledevelopment

BENCHMARKING: KESTREL SUSTAINABILITY INTELLIGENCE™

Project Information	
Subsector	Power, Mixed
Sector	Electric Utility
Project Status	N/A

Sustainability Benchmarks	
Composite Score	5.00 out of 5.00
Rank *	Top 1%

***Compared to all municipal bonds scored in the electric utility sector (n = 443). To learn more about benchmarking with Kestrel Sustainability Intelligence, including additional data fields not shown here, visit kestrelesg.com.**

Sustainability Scores (out of 5)		Weight in Composite Score Calculation
Environmental	5.00	55%
Social	5.00	25%
Transparency	5.00	20%

Score Rationale		
Environmental	Meaningful Transition Plan	11%
	Fuel Source	12%
	Electrification	12%
	Smart Cities and Automation	12%
Social	Access to Essential Services	11%
	Resilient System	11%
	Efficiency Programs and Rate Assistance	11%
Transparency	Disclose Activities, Impacts & Risks	20%

Climate Risk Strategies	
Resilience Programs	✓ Investments include storm-hardening, upsizing to meet capacity needs for high heat events, flood risk mitigation, undergrounding, and vegetation management ✓ Advanced grid management technologies optimize grid performance and outage detection ✓ Resilience is measured through performance metrics
Renewable Energy	✓ Yes

This bond was evaluated on 10/29/2025 and reference data for benchmarking was accessed on 9/12/2025. Kestrel Sustainability Scores are fixed for a minimum period of one year from the date of our Opinion. During this period, scores will not be changed. Afterward, scores may be updated, including when Kestrel prepares a Post-Issuance Report.

CONCLUSION

Based on our independent external review, the 2025TE-1 Restructuring Bonds are impactful, net zero aligned, conform, in all material respects, with the Green Bond Principles (2025) and are in complete alignment with two eligible project categories: *Climate Adaptation* and *Clean Grid Infrastructure (Transmission & Distribution)*. Based on benchmarking with Kestrel Sustainability Intelligence, the 2025TE-1 Restructuring Bonds are in the top 1% of assets in the electric utility sector, a reflection of best practices for sustainability. The 2025TE-1 Restructuring Bonds advance ambitious and forward-looking goals for climate adaptation, climate mitigation and system resilience.

Appendix A.
PROJECT LIST

Table 1. Projects expected to be financed with proceeds from the 2025TE-1 Restructuring Bonds

Corporate Category	Investment Name	Use of Proceeds	Anticipated 2025 Budget[17]
Storm Hardening	Storm hardening program	The program will upgrade mainline primary circuits to storm hardened standards. Upgrades will align with current standards and are prioritized based on outage history.	$51,500,000
Reliability	Fire Island Pines – Install New 23 kV Circuit to Ocean Beach Substation	The addition of a new 5.9-mile circuit is intended to prevent major load loss in the event of failure of both the Ocean Beach and Bayport submarine circuits to the Fire Island Pines substation. The new circuit will serve as a backup and minimize the risk of power loss.	$1,105,663
Reliability	East Garden City Switchgear Replacement	This project will replace four switchgears, add a transformer, and loop five switchgears together to improve reliability at East Garden City. The substation serves a heavy load and has dealt with multiple failures of the switchgear.	$252,899
Reliability	Distribution Circuit Improvement Program	This is a system-wide project to replace and install hundreds of switches across many circuits.	$16,800,000
Reliability	Transmission Protection and Controls Upgrade Program	The project will replace outdated transmission protection systems at various locations that have experienced failures. The project will substantially increase system reliability.	$3,750,000
Reliability	Distribution system improvements - services, branch lines & customer requests	Projects in this category will address system-wide upgrades including damaged manholes, cables, switchgear modules, wiring, and more to improve reliability. Areas in need of upgrades and replacement were identified through customer reports and regular inspections.	$44,300,000

[17] Subject to change

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About

Kestrel Sustainability Intelligence™ for municipal markets helps set the market standard for sustainable finance. We do this through verification and our comprehensive Sustainability Analysis and Scores.

Kestrel is a leading provider of external reviews for green, social and sustainability bond transactions. We evaluate transactions in public and private markets for conformance with international green and social bond standards.

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- Monica Reid - CEO

Disclaimer

This Opinion aims to explain how and why the discussed financing meets the ICMA Green Bond Principles based on the information that was provided by the Authority or made publicly available by the Authority and relied upon by Kestrel only during the time of this engagement (October – November 2025), and only for purposes of providing this Opinion.

We have relied on information obtained from sources believed to be reliable, and assumed the information to be accurate and complete. However, Kestrel can make no warranty, express or implied, nor can we guarantee the accuracy, comprehensive nature, merchantability, or fitness for a particular purpose of the information we were provided or obtained.

By providing this Opinion, Kestrel is neither addressing nor certifying the credit risk, liquidity risk, market value risk or price volatility of the projects financed by the Green Bonds. It was beyond Kestrel's scope of work to review for regulatory compliance, and no surveys or site visits were conducted by us. Furthermore, we are not responsible for surveillance, monitoring, or implementation of the project, or use of proceeds.

The Opinion delivered by Kestrel is for informational purposes only, is current as of the Evaluation Date, and does not address financial performance of the Green Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the Authority, nor its ability to pay principal and interest when due. This Opinion does not address the suitability of a Bond as an investment, and contains no offer, solicitation, endorsement of the Bonds nor any recommendation to buy, sell or hold the Bonds. Kestrel accepts no liability for direct, indirect, special, punitive, consequential or any other damages (including lost profits), for any consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions.

This Opinion may not be altered without the written consent of Kestrel. Kestrel reserves the right to revoke or withdraw this Opinion at any time. Kestrel certifies that there is no affiliation, involvement, financial or non-financial interest in the Authority or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services, or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

Sustainability and Resilience Profile

Utility Debt Securitization Authority

Restructuring Bonds, Series 2025TE-2

Evaluation Date: November 3, 2025

Sustainability Analysis and Scores™

Project Information	
Subsector	Power, Mixed
Summary of Kestrel Analysis	The bonds restructure debt obligations of the Utility Debt Securitization Authority (the "Issuer") to provide savings to customers. The purpose of the Issuer is to provide cost effective financing for system resiliency projects through restructuring bonds for the Long Island Power Authority (the "Authority") and the Issuer. The Authority aims to accommodate rapid growth in renewable power supply and support the State of New York's transition to a carbon-free electric grid by 2040. The Authority has made significant ongoing investments to improve grid resilience after the impacts of extreme weather events including Superstorm Sandy in 2012 and Tropical Storm Isaias in 2020. Pursuant to the LIPA Reform Act of 2013, the refinanced projects increase resiliency of the transmission and distribution system to better withstand impacts from climate change and recover quickly from outages. Financed projects include strengthening utility poles and other assets to harden the system; projects to improve system reliability, interconnection, transmission and distribution, and customer service; and facilitate load growth. The Authority's transmission and distribution system has approximately 1,400 miles of transmission lines and 14,000 miles of distribution lines and serves approximately 1.2 million customers. Power is purchased from a variety of sources in New York. The Authority uses advanced metering infrastructure, which is a best practice, and offers multiple incentives for commercial and residential customers to improve energy efficiency and install renewables. Incentives include discounted rates for overnight electric vehicle charging and rebates for replacing outdated heating and cooling systems with efficient heat pumps. The Authority also provides low-income households with rate assistance for utility bills, a best practice for addressing wealth gaps and ensuring equitable access to essential services.

Sustainability Benchmarks	
Composite Score	4.60 out of 5.00
Rank*	Top 11%

***Compared to all municipal bonds scored in the electric utility sector (n = 443). To learn more about benchmarking with Kestrel Sustainability Intelligence, including additional data fields not shown here, visit kestrelesg.com.**

Sustainability Scores[1] (out of 5)	
Environmental	5.00
Social	5.00
Transparency	3.00

[1] Environmental and Social scores reflect best practices for sustainability and resilience. Transparency scores reflect clarity of the budget and uses of proceeds.

Score Rationale		Evidence
Environmental	Meaningful Transition Plan	• Projects enable transition to a carbon-free grid by 2040
	Fuel Source	• Procurement of clean and renewable energy • Grid upgrades to accommodate renewables
	Electrification	• Planning for electrified buildings and transportation • Community programs to support electrification
	Smart Cities and Automation	• Use of advanced metering infrastructure
Social	Efficiency Programs and Rate Assistance	• Rate assistance for income-qualifying customers • Programs for energy efficiency upgrades
	Access to Essential Services	• Reliable electricity service
	Resilient System	• Resilience improves reliability
Transparency	Disclose Activities, Impacts & Risks	• Project categories in capital plans available

Climate Risk Strategies	
Resilient Infrastructure	✓ Investments include storm-hardening, upsizing to meet capacity needs for high heat events, flood risk mitigation, undergrounding, and vegetation management ✓ Advanced grid management technologies optimize grid performance and outage detection ✓ Resilience is measured through clear performance metrics
Renewable Energy	✓ Yes

Sustainable Finance Designations	
ICMA Green Eligible	Yes
ICMA Social Eligible	No
ICMA Sustainability Eligible**	No
Related Controversies†	None

**Sustainability bonds finance combinations of both green and social projects.

† Indicates presence of controversy related to financed activities that could impact eligibility.

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About

Kestrel Sustainability Intelligence™ for municipal markets helps set the market standard for sustainable finance. We do this through verification and our comprehensive Sustainability Analysis and Scores.

Kestrel is a leading provider of external reviews for green, social and sustainability bond transactions. We evaluate transactions in public and private markets for conformance with international green and social bond standards.

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Disclaimer

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APPENDIX B

RETAIL SOLICITATION FEE PAYMENT REQUEST FORM

with respect to the
Invitation to Offer Bonds for Purchase dated November 14, 2025
by
UTILITY DEBT SECURITIZATION AUTHORITY

regarding its

Restructuring Bonds, Series 2016A
Restructuring Bonds, Series 2016B
Restructuring Bonds, Series 2017

The Utility Debt Securitization Authority (the "Issuer") 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 Authority (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 Issuer pursuant to the Invitation to Offer Bonds for Purchase dated November 14, 2025 (as it may be amended or supplemented, the "Invitation"). A "Retail Customer" is an individual who owns not more than $250,000 principal amount of Target Bonds and manages his or her own investments or 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 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 and Tender Agent requests for payment of solicitation fees on a Retail Solicitation Fee Payment Request Form no later than 5:00 p.m. on the next business day following the Expiration Date (the Expiration Date is presently set for December 1, 2025), 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 an Eligible Institution described in the first paragraph, that such representative personally solicited the offer from their firm's retail customer, that such Eligible Institution is legally authorized to collect a solicitation fee and, with respect to any tender offer, 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 solicitation 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 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 Issuer, in its sole discretion, which determination will be final, conclusive and binding. None of the Issuer, the Authority, the Dealer Managers, the Information Agent and Tender 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 Issuer will pay $1.25 per $1,000 to each designated soliciting dealer for each Bondowner that owns and submits Target Bonds with an aggregate principal amount of not more than $250,000 that is validly tendered and accepted for payment to soliciting dealers that are appropriately designated by their clients to receive this fee. 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 Issuer reserves the right to audit any soliciting dealer to confirm bona fide submission of this form. The Issuer 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 Issuer will not reimburse a soliciting dealer for any expenses it incurs in connection with the Invitation. No brokerage commissions are payable by Bondowners to the Dealer Managers, the Information Agent and Tender Agent or the Issuer. Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Invitation.

Name of Firm: _____

DTC Participant: _____

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 Agent and Tender Agent prior to the next business day following the Expiration Date.

SCHEDULE OF TARGET BONDS SUBJECT TO THE SOLICITATION TERMS

Please complete the following.

*****If available, please submit your schedule as formatted below in MS Excel*****

Please follow the same line headers as listed below. Schedules may be e-mailed to rstevens@globic.com with the completed Solicitation Fee Payment Request Form attached or to follow.

CUSIP	Par Amount	VOI Number	Client Name/Account # (*Optional*)
	TOTAL		

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 Issuer; (4) it has complied with all instructions from the Dealer Managers in connection with the Invitation; and (5) if it is a foreign broker or dealer not eligible for membership in the Financial Industry Regulatory Authority ("***FINRA***"), it has agreed to conform to FINRA's Rules of Fair Practice in making solicitations.