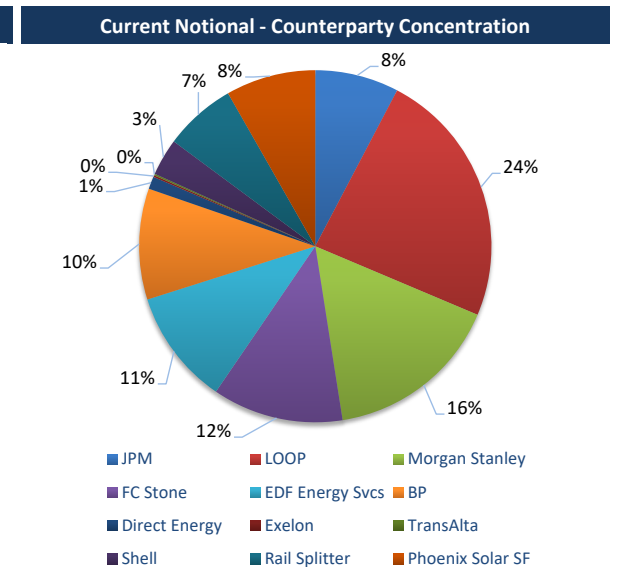
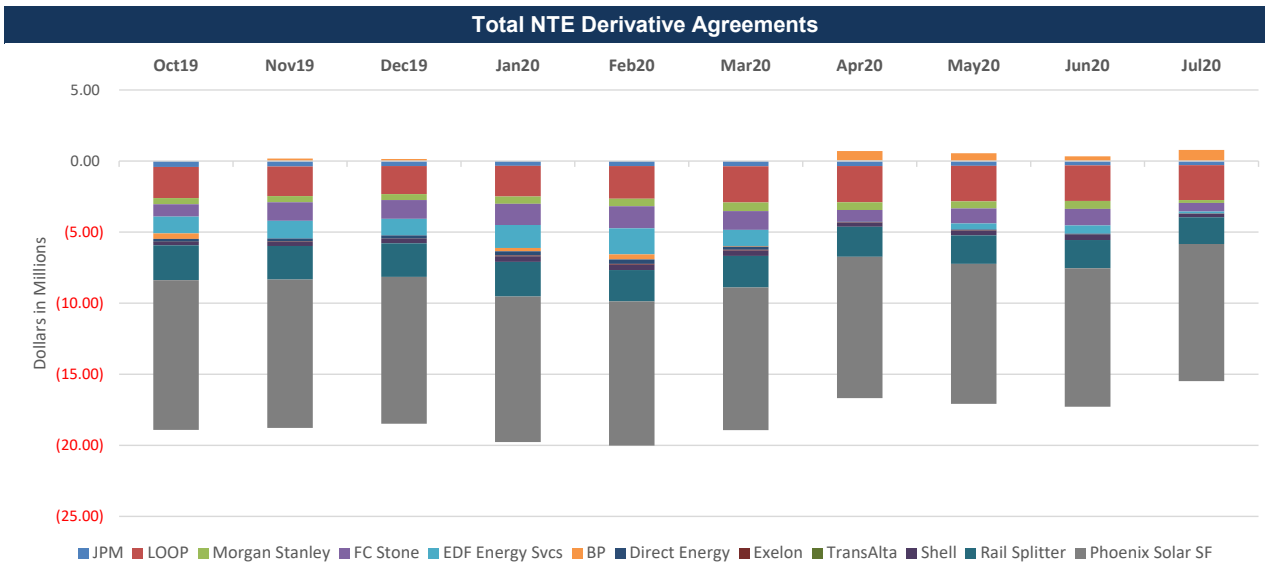


Policy Counterparty (CP) Requirements		Hedging Position Summary (In Millions)			Collateral Summary	
			Notional	NTE		
Reporting Requirements Met	Yes <sup>(1)(2)</sup>	Interest Rate Swaps <sup>(b)</sup>	\$ 35.23	\$ (3.05)	<b>Collateral Held by PEI on behalf of Counterparties:</b>	
CP Rating Qualification Met	Yes <sup>(2)(3)(4)</sup>	Futures Contracts, Financial	10.78	(0.60)	Rail Splitter Wind (HSBC Bank LOC)	\$ 2,500,000
Within CP Exposure Limits	Yes	Forward Purchase, Physical	36.27	(1.39)	TransAlta (Bank of Nova Scotia LOC)	\$ 25,000
Under CP Concentration Limits	Yes	Solar PPA's	7.40	(9.65)	<b>Collateral Held by Counterparty on behalf of PEI:</b>	
		<b>Total</b>	<b>\$ 89.68</b>	<b>\$ (14.69)</b>	Margin Exposure with INTL FC Stone	\$ 252,530

Material Events Since Last Report	Counterparty Risk Management <sup>(2)(4)</sup>	Policy Considerations & Other Comments
<p>PEI purchased 240,000 MMBTU's of Natural Gas Forward Contracts for UIUC from BP totaling \$564,600 for periods 7/1/21-6/30/22.</p> <p>NRG Energy Inc. has entered into an agreement to acquire Direct Energy Business from Centrica PLC by the end of 2020. This acquisition is a stock purchase, Direct Energy Business will not be changing their name. INTL FCStone Inc. is changing its name to StoneX Group Inc. INTL FCStone Financial Inc. is not changing their legal name at this time, but will operate under the StoneX brand umbrella.</p>	<p>The energy industry necessitated action by the PEI Board of Directors to approve a policy accepting a lower credit rating than the System policy to qualify counterparties for physical hedges (forward purchases). This exception has been approved by the U of I System CFO in accordance with the University Policy.<sup>(3)</sup> Rail Splitter is not rated but has provided a \$2.5 million LOC from HSBC Bank. TransAlta's rating declined below acceptable limits so they have provided a \$25,000 LOC from the Bank of Nova Scotia to meet policy qualifications.</p> <p>The swap agreements were approved by the Board of Trustees and executed prior to the policy. The collateral requirements for counterparties on the interest rate swaps are more risk tolerant than the System policy, however the current NTE exposure amounts are all within Policy limits.</p>	<p>Exelon, BP, EDF, and Direct Energy provide recourse through Credit or Adequate Assurances provisions if reasonable grounds exist regarding unsatisfactory creditworthiness or performance. It is incumbent upon PEI to monitor and request Performance Assurance if a rating change triggers the policy collateral requirements.</p> <p>The System and PEI policies require regular due diligence reviews of the financial strength of counterparties. It is the responsibility of the hedging transaction originator, System department or PEI, to review the related counterparties regularly in compliance with policy.</p>



-----In Millions-----												
Responsible Unit/Dept.	Counterparty	CSP Rated Entity/ Exchange	Bond Rating (S&P / Moody's)	Expires FY Range	Underlying Asset / Liability	Orig Contract	Current Notional / Contract	Market Value	*MTM or NTE	System Guarantee (Credit Limit)	PCG - LOC (Credit Limit)	Counterparty Threshold (Collateral Requirements)
<b>Financial Hedges</b>												
<b>System Interest Rate Swaps</b>												
			<b>Qualifying Rating</b>									
			<b>A- / A3</b>									
SO Capital Financing	Morgan Stanley Capital Services, Inc.	Morgan Stanley	BBB+ / A3	1/15/2022	UIC SC 2008	\$ 27.40	7.11		(0.30)			Rating Triggers Predate Policy
SO Capital Financing	JP Morgan Chase Bank, N.A.	JP Morgan Chase Bank, N.A.	A+ / Aa2	1/15/2022	UIC SC 2008	\$ 26.85	6.90		(0.29)			Rating Triggers Predate Policy
SO Capital Financing	Loop Financial Products, I, LLC	Deutsche Bank AG (CSP)	BBB+ / A3	10/1/2026	HSFS 2008	\$ 40.88	21.23		(2.46)			Rating Triggers Predate Policy
<b>PEI Energy Futures Contracts</b>						<b>SUBTOTAL SWAPS</b>		<b>\$ 95.13 35.23</b>				
SO Utilities Admin	INTL FCStone Financial Inc.	InterContinental Exchange (ICE)	A / A2	2021-2028	Natural Gas	\$ 11.13	10.78	10.18	(0.60)			None Exchange Traded
						<b>SUBTOTAL FINANCIAL</b>		<b>\$ 106.26 46.01</b>				
<b>Physical Hedges</b>												
<b>PEI Energy Forward Purchases</b>												
			<b><sup>3</sup>Qualifying Rating</b>									
			<b>BBB-/Baa3 or BB+/Ba1 with LOC or PCG</b>									
SO Utilities Admin	BP Canada Energy Marketing Corp.	BP Corporation North America, Inc. (PCG)	A- / A2	2021-2024	Natural Gas	\$ 9.36	9.14	9.93	0.79	10.00	1.00	Adequate Assurance
SO Utilities Admin	Direct Energy Business Marketing	Centrica (PCG)	BBB / Baa2	2021-2022	Natural Gas	\$ 1.09	1.03	1.01	(0.02)	2.50	2.50	Adequate Assurance
SO Utilities Admin	EDF Energy Services, LLC	EDF Trading Limited (PCG)	NR / Baa2	2021-2022	Natural Gas	\$ 9.84	9.48	9.34	(0.14)	3.00	3.00	Adequate Assurance
SO Utilities Admin	Morgan Stanley Capital Group, Inc.	Morgan Stanley (PCG)	BBB+ / A3	2024-2025	Natural Gas	\$ 6.37	6.37	6.52	0.15	5.00	Unlimited	Rating Triggers
SO Utilities Admin	Shell Energy North America (US), L.P.	Shell Energy North America (US), L.P.	A+ / A2	2023	Natural Gas	\$ 2.54	2.54	2.35	(0.19)	5.00		Rating Triggers
SO Utilities Admin	Exelon Generation Company LLC	Exelon Generation Company LLC	BBB+ / Baa2	2021	Electricity	\$ 0.16	0.14	0.13	(0.01)	5.00		Credit Assurance
SO Utilities Admin	Morgan Stanley Capital Group, Inc.	Morgan Stanley (PCG)	BBB+ / A3	2021-2023	Electricity	\$ 1.15	1.01	0.96	(0.05)	5.00	Unlimited	Rating Triggers
SO Utilities Admin	TransAlta Energy Marketing (US) Inc.	The Bank of Nova Scotia (LOC)	A+ / Aa2	2022	Electricity	\$ 0.13	0.13	0.13	0.00	2.50	0.025	LOC
SO Utilities Admin	Shell Energy North America (US), L.P.	Shell Energy North America (US), L.P.	A+ / A2	2021-2025	Electricity	\$ 0.58	0.51	0.46	(0.05)	5.00		Rating Triggers
SO Utilities Admin	Rail Splitter Wind Farm LLC	HSBC Bank USA, (LOC)	A+ / Aa3	2021-2027	Electricity Renewable	\$ 5.96	5.92	4.05	(1.87)	2.50	2.50	LOC
						<b>SUBTOTAL PHYSICALS</b>		<b>\$ 37.18 36.27 34.88</b>				
<b>Solar PPAs</b>												
UIUC Energy Services	Phoenix Solar South Farms <sup>(2)</sup>			12/20/2025	Electricity Renewable	\$ 13.76	7.40		(9.65)			
<b>Grand Total</b>						<b>GRAND TOTAL</b>		<b>\$ 157.20 89.68</b>				

\*Negative termination value means the System or PEI is obligated to the counterparty (transaction is "underwater").

CP - Counterparty  
 CSP - Credit Support Provider  
 LOC - Letter of Credit

NTE - Net Termination Exposure  
 PCG - Parental Company Guarantee  
 PEI - Prairieland Energy Inc.

PPA - Power Purchase Agreement  
 SO - System Offices  
 WR - Withdrawn Rating

**Footnotes:**

- (1) Policy exceptions approved by the CFO for Agriculture Property Services (APS) forward grain sales include release from counterparty credit rating, contract form, and monthly reporting requirements. APS reported \$131,132 in outstanding forward sales contracts as of 07/31/2020.
- (2) In Dec 2015, UIUC issued a Power Purchase Agreement (PPA) in conjunction with their Solar Farm I. ERM learned of the PPA in July 2019 and began reporting the derivative Oct 2019. Since there is no CP risk, a policy exception was approved by the CFO for (a) minimum counterparty credit rating requirement, (b) required parental guarantee or LOC, and (c) minimum market capitalization requirement.
- (3) Policy exceptions approved by the CFO for PEI include less restrictive CP credit rating for forward purchases and corresponding collateral requirements. Allows for unrated CP to qualify with LOC.
- (4) On 10/3/19, an Exception for Urbana Solar Farm 2.0 was approved by the PEI Treasurer qualifying Northern Cardinal Solar (NCS) as CP who was assigned the PPA from Sol Systems. Also qualified Capital Dynamics Clean Energy & Infrastructure as guarantor for NCS. Exception also approved, as allowed in the PPA, any unrated successor guarantor to qualify with \$100 million in tangible net worth. Anticipate Solar Farm 2.0 to be operational by 1/31/2021 or sooner, at which time delivery of solar power will begin and included in the derivatives report.
- (5) Federal actions to mitigate the financial crisis in the short term markets have since proven successful. Following the implementation of monetary policies, and the injection of stimulus funds, interest rates have dropped to lower than pre-pandemic rates and have remained steady. The variable rate bonds and related SWAPs are in good standing. Capital Financing staff continue to monitor the trading activity of the U of I System's bonds, and meet with advisors and market experts. Capital Financing staff are considering all options as market conditions evolve, including the opportunity to refund variable rate notes with fixed rate notes should the opportunity arise and be deemed favorable.