

NOTICE TO BONDHOLDERS

September 24, 2009

The City of Menasha, Wisconsin (the “City”), is providing this notice to the holders (the “Holders”) of its \$12,660,000 Taxable Steam Utility Revenue Bond Anticipation Notes, Series 2005, and its \$11,500,000 Taxable Steam Utility Revenue Bond Anticipation Notes, Series 2006 (collectively, the “Notes”), issued to finance construction and equipping of the City’s Steam Utility.

Claims Filed

On September 11, 2009, certain Holders of the Notes, represented by legal counsel, filed with the City Clerk a Notice of Circumstances of Claims and Claims (“Notice of Claims”) under Wisconsin law. Pursuant to Wisconsin law, such notice is required to be served on a Wisconsin municipality at least 120 days prior to filing a lawsuit. In the Notice of Claims, the Holders allege certain claims and causes of action against the City with respect to the Notes.

On September 20, 2009, the City was advised by counsel to the Holders that, on September 18, 2009, three of the Holders filed a class action complaint in United States District Court-Northern District of Indiana, Case No. 4:09CV0064, against the City, Menasha Utilities and the Menasha Steam Utility with respect to the Notes (the “Class Action Complaint”). The Class Action Complaint has not been served on the City at this date. The City intends to vigorously defend against such claims and causes of action.

The City is proceeding to implement a work-out strategy with respect to Holders of the Notes and continues to seek a forbearance arrangement with Holders to facilitate successful completion of a work-out plan. The City believes that expenses incurred by the City in defending against the Notice of Claims, the Class Action Complaint and any lawsuit resulting from such filings will materially reduce amounts that the City will have available to repay Holders of the Notes and any other steam utility claimants pursuant to any work-out plan.

A copy of the Notice of Claims may be obtained from the City Clerk. A copy of the Class Action Complaint may be obtained from the United States District Court-Northern District of Indiana.

Contact and Disclaimers

Holders with questions about this Notice should direct them in writing via mail, electronic or facsimile transmission to:

Mr. Thomas R. Stoffel
Finance Director
City of Menasha
140 Main Street
Menasha, WI 54952-3190
Fax: (920) 967-5271
Email: tstoffel@ci.menasha.wi.us

Please be advised that the City may conclude that a specific response to particular inquiries from individual Holders is not consistent with equal and full dissemination of information to all Holders. Holders should not rely on the City as their sole source of information. The City makes no recommendations and gives no investment advice herein or as to the City's obligations generally.