

Mortgage Record, No. 81, Madison County, Iowa

JENKINS-FERGEMANN & CO. WATERLOO, IOWA - NO. 6051

Central West Public Service Company :
to :
First Trust and Savings Bank : #828 Fee 60.00
and : First Lien Collateral
John C. Mechem, Trustees. : Indenture.

Filed for record the 17th day of March
A. D. 1927 at 3:00 P. M.
Gladys B. DeVault, Recorder.

THIS INDENTURE, dated the first day of November, 1926, but actually executed this eleventh day of March, 1927, made and entered into by and between CENTRAL WEST PUBLIC SERVICE COMPANY, a corporation organized and existing under the laws of the State of Delaware (hereinafter commonly referred to as the "Company"), and FIRST TRUST AND SAVINGS BANK, a corporation organized and existing under the laws of the State of Illinois (hereinafter commonly referred to as the "Trustee"), and JOHN C. MECHEM of the City of Chicago, Illinois (hereinafter commonly referred to as the "Co-Trustee," the Trustee and the Co-Trustee being hereinafter commonly referred to as the "Trustees"), Witnesseth:

WHEREAS, the Company owns and possesses the property and securities hereinafter described, together with certain franchises, permits, rights and privileges, and has legal authority and has been authorized by the requisite action of the Board of Directors and the stockholders of the Company to make and execute this Mortgage upon all such property, securities, franchises, permits, rights and privileges, and to issue bonds of the Company as herein provided; and

WHEREAS, the Company desires to provide funds for its corporate purposes and to that end has duly determined to issue its bonds (hereinafter sometimes referred to as the "bonds") to be secured by this First Lien Collateral Indenture of Mortgage or deed of trust (hereinafter sometimes referred to as the "Mortgage") on the properties of the Company, as hereinafter provided, said bonds to be issued from time to time in one or more series commencing with Series A, without limitation as to the aggregate principal amount of bonds of all series that may be authenticated, issued and outstanding hereunder (but subject to the restrictions and provisions contained in this Mortgage with respect thereto), the bonds of each series to be in coupon form with interest coupons attached (hereinafter referred to as "coupon bonds"), and also, at the option of the Company, in fully registered form without coupons (hereinafter referred to as "registered bonds"), and (except the bonds of Series A, which shall be as hereinafter provided) to bear such date, to be payable on such date or, in case of serial maturities on such dates, and at such place or places, to bear interest at such rate payable at such time or times and at such place or places, to bear such designation or title herein provided for, and to contain such provisions with respect to tax exemptions, tax reimbursements, redemption, sinking fund, conversion into stock or other securities of the Company, limitations as to aggregate principal amount of bonds of such series issuable, and/or other characteristics not in conflict with the terms of this Mortgage as the Board of Directors shall determine with respect to each successive series prior to the authentication of any bonds thereof; and

WHEREAS, each of the coupon bonds of Series A to be issued hereunder is to be substantially in the following form, to-wit:

(Form of Coupon Bond of Series A)

UNITED STATES OF AMERICA
State of Delaware

CENTRAL WEST PUBLIC SERVICE COMPANY

First Lien Collateral 30-Year 5 1/4% Gold Bond
Series A

No..... \$.....

Central West Public Service Company, a Delaware corporation (hereinafter called the Company), for value received, hereby promises to pay to the bearer, or if this bond be registered as to principal, then to the registered holder hereof, the sum of.....

For Release of annexed Mortgage see
Mortgage Record 86 Page 257

For Release of annexed Mortgage see
Shattell Mortgage Record 53 Page 482

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Dollars on the first day of November, 1956, and to pay interest on said sum from the date hereof until the same shall be paid at the rate of five and one-half per centum per annum, payable half yearly on the first day of May and of November in each year. Until the maturity of this bond, such interest shall be paid only in accordance with and upon presentation and surrender of the annexed coupons as they severally become due. Both the principal and the interest of this bond shall be payable at the office of the First Trust and Savings Bank in the City of Chicago, Illinois, in gold coin of the United States of America of or equal to the standard of weight and fineness existing on November 1, 1926. So far as may be lawful, such interest shall be paid without deduction for any tax or taxes upon the income of the holder hereof (except such portion of any income tax with respect to income derived from such interest as shall be in excess of two per centum) which the Company or the Trustee hereinafter mentioned, or any one acting in behalf of them, or either of them, may be required or permitted to pay on or to deduct from such interest under or by reason of the present or any future income tax law of the United States. The Company will reimburse, as provided in the Mortgage hereinafter mentioned, the bearer or registered holder hereof, as the case may be, in respect of the Iowa six mills tax, the Pennsylvania and Connecticut four mills tax, the Maryland four and one-half mills tax, the California and Kentucky five mills tax, the Kansas two and one-half mills tax, the Massachusetts six per centum income tax on interest, the New Hampshire three per centum income tax on interest and any similar taxes hereafter imposed by the State of Maine, not exceeding five mills personal property tax or six per centum income tax on interest, paid by such bearer or registered holder hereof, if application therefor be made in the manner and upon the conditions provided in the Mortgage, within sixty days after the date of the payment of any such tax, but the Company shall in no event be liable to reimburse such bearer or registered holder for any interest accrued or penalty imposed and paid in addition to the amount of any such tax as originally assessed.

This bond is one of the bonds issued and to be issued from time to time under and in accordance with and, irrespective of the designation thereof or the series in which issued, all equally secured by the First Lien Collateral Indenture (herein called the Mortgage) dated November 1, 1926, given by the Company to the First Trust and Savings Bank, as Trustee, and John C. Mechem, as Co-Trustee, to which reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, and the rights of the Company and of the holders of said bonds and of the Trustees in respect of such security. By the terms of the Mortgage the bonds to be secured thereby are issuable in series which may vary as to date, amount, date of maturity, rate of interest and in other respects as in the Mortgage provided. The bonds of the series of which this bond is one are designated First Lien Collateral 30-Year 5 $\frac{1}{2}$ % Gold Bonds, Series A (herein called "bonds of Series A"), and are limited in aggregate principal amount to Four Million Six Hundred Fifty Thousand Dollars (\$4,650,000).

At the option of the Company and upon the notice and in the manner and with the effect provided in the Mortgage, any or all of the bonds of Series A may be redeemed by the Company on any interest payment date by the payment of the principal and accrued interest to the date of redemption and a premium of five per centum upon such principal.

In case of certain events of default specified in the Mortgage, the principal of this bond may be declared or may become due and payable in the manner and with the effect provided in the Mortgage.

No recourse shall be had for the payment of the principal or interest of this bond, or for any claim based hereon, or otherwise in respect hereof or of the Mortgage, to or against any incorporator, stockholder, officer or director, past, present or future, of

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the Company, either directly or through the Company, under any constitution or statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, stockholders, directors and officers being waived and released by the holder hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall pass by delivery unless registered as to principal in the holder's name at the office of the Trustee in the City of Chicago, Illinois, on registry books to be kept for the purpose at such place, such registration being notes hereon as provided in the Mortgage. After such registration no further transfer of this bond shall be valid unless made on said books by the registered holder in person or by attorney duly authorized, and similarly noted hereon; but this bond may be discharged from registry by being in like manner transferred to bearer, whereupon transferability by delivery shall be restored; and this bond may again and from time to time be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the attached coupons which shall always be transferable by delivery and be payable to bearer.

Neither this bond nor any interest coupon appertaining hereto shall be valid or become obligatory for any purpose unless and until this bond shall have been authenticated by the execution by the Trustee or its successor in trust under the Mortgage of the certificate endorsed hereon.

IN WITNESS WHEREOF, the Central West Public Service Company has caused this bond to be executed in its name by its President or one of its Vice-Presidents, and its corporate seal to be hereto affixed and attested by its Secretary or one of its Assistant Secretaries, and has caused the coupons hereto annexed to be authenticated by a facsimile signature of its Treasurer this first day of November, 1926.

CENTRAL WEST PUBLIC SERVICE COMPANY,

By.....President.

Attest:Secretary.

(Federal Internal Revenue Stamps in the amount required by law have been affixed to the Mortgage under which this Bond is issued and duly canceled.)

AND WHEREAS, at the time of the issue thereof there are to be attached to each of the coupon bonds of Series A hereby secured interest coupons representing the future installments of interest from time to time to become due thereon, and each coupon is to be substantially in the following form, to-wit:

(Form of Coupon)

No..... \$.....

On the.....day of....., 19...., unless the bond hereinafter mentioned shall have been called for previous redemption, Central West Public Service Company will, without deduction for so much of any Federal income tax as shall not be in excess of two per centum of the face value of this coupon, pay to bearer at the office of the First Trust and Savings Bank, Chicago, Illinois, upon surrender hereof,.....Dollars in gold coin of the United State of America, being six months' interest then due on its First Lien Collateral 30-Year 5 1/2% Gold Bond, Series A, No.....

.....
Treasurer.

AND WHEREAS, each of the registered bonds without coupons of Series A (if such bonds be issued hereunder) is to be substantially in the following form, to-wit:

(Form of Registered Bond without couponsof Series A)

UNITED STATES OF AMERICA
State of Delaware

CENTRAL WEST PUBLIC SERVICE COMPANY

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First Lien Collateral 30-Year 5½% Gold Bond Series A

No.....

\$.....

Central West Public Service Company, a Delaware corporation (hereinafter called the Company), for value received, hereby promises to pay to..... or registered assigns, the sum of.....Dollars on the first day of November, 1956, and to pay to the registered holder interest on said sum from the date hereof until the same shall be paid, at the rate of five and one-half per centum per annum, payable half yearly on the first day of May and of November in each year. Both the principal and the interest of this bond shall be payable at the office of the First Trust and Savings Bank, in the City of Chicago, Illinois, in gold coin of the United States of America, of or equal to the standard of weight and fineness existing on November 1, 1926. So far as may be lawful, such interest shall be paid without deduction for any tax or taxes upon the income of the holder hereof (except such portion of any income tax with respect to income derived from such interest as shall be in excess of two per centum) which the Company or the Trustee hereinafter mentioned, or any one acting in behalf of them, or either of them, may be required or permitted to pay on or to deduct from such interest under or by reason of the present or any future income tax law of the United States. The Company will reimburse, as provided in the Mortgage hereinafter mentioned, the registered holder hereof in respect of the Iowa six mills tax, the Pennsylvania and Connecticut four mills tax, the Maryland four and one-half mills tax, the California and Kentucky five mills tax, the Kansas two and one-half mills tax, the Massachusetts six per centum income tax on interest, the New Hampshire three per centum income tax on interest, and any similar taxes hereafter imposed by the State of Maine, not exceeding five mills personal property tax or six per centum income tax on interest, paid by such registered holder hereof, if application therefor be made in the manner and upon the conditions provided in the Mortgage, within sixty days after the date of the payment of any such tax, but the Company shall in no event be liable to reimburse such registered holder for any interest accrued or penalty imposed and paid in addition to the amount of any such tax as originally assessed.

This bond is one of the bonds issued and to be issued from time to time under and in accordance with and, irrespective of the designation thereof or the series in which issued, all equally secured by the First Lien Collateral Indenture (herein called the Mortgage) dated November 1, 1926, given by the Company to the First Trust and Savings Bank, as Trustee, and John C. Mechem, as Co-Trustee, to which reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, and the rights of the Company and of the holders of said bonds and of the Trustees in respect of such security. By the terms of the Mortgage the bonds to be secured thereby are issuable in series, which may vary as to date, amount, date of maturity, rate of interest and in other respects as in the Mortgage provided. The bonds of the series of which this bond is one are designated First Lien Collateral 30-Year 5½% Gold Bonds, Series A (herein called "bonds of Series A"), and are limited in Aggregate principal amount to Four Million Six Hundred Fifty Thousand Dollars (\$4,650,000.).

At the option of the Company and upon the notice and in the manner and with the effect provided in the Mortgage, any or all of the bonds of Series A may be redeemed by the Company on any interest payment date by the payment of the principal and accrued interest to the date of redemption and a premium of five per centum upon such principal.

In case of certain events of default specified in the Mortgage, the principal of this bond may be declared or may become due and payable in the manner and with the effect provided in the Mortgage.

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No recourse shall be had for the payment of the principal or interest of this bond, or for any claim based hereon, or otherwise in respect hereof or of the Mortgage, to or against any incorporator, stockholder, officer or director, past, present or future, of the Company, either directly or through the Company, under any constitution or statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, stockholders, directors and officers being waived and released by the holder hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond is transferable by the registered holder hereof, in person or by attorney duly authorized, at the office of the Trustee in the City of Chicago, Illinois, upon surrender and cancellation of this bond, and upon any such transfer a new registered bond or bonds, without coupons, of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange herefor.

This bond shall not be valid or become obligatory for any purpose unless and until it shall have been authenticated by the execution by the Trustee or its successor in trust under the Mortgage of the certificate endorsed hereon.

IN WITNESS WHEREOF, the Central West Public Service Company has caused this bond to be executed in its name by its President or one of its Vice-Presidents, and its corporate seal to be hereto affixed and attested by its Secretary or one of its Assistant Secretaries, this.....day of....., 19.....

CENTRAL WEST PUBLIC SERVICE COMPANY,

By.....President.

Attest:.....Secretary.

(Federal Internal Revenue Stamps in the amount required by law have been affixed to the Mortgage under which this Bond is issued and duly canceled.)

AND WHEREAS, on each of the coupon bonds and on each of the registered bonds without coupons of each and every series issued under and secured by this Mortgage (whether in temporary or definitive form) there is to be endorsed a certificate of the Trustee substantially in the following form, to-wit:

(Form of Trustee's Certificate)

This bond is one of the bonds of the series designated therein, described in the within mentioned mortgage.

.....
Trustee.

By.....

AND WHEREAS, the bonds of each series other than Series A, and the interest coupons to be attached to the coupon bonds of each such series, are to be substantially in the forms above set forth, respectively, with such modifications thereof and additions thereto or eliminations therefrom, authorized or permitted by this Mortgage as to any particular series, as in the opinion of the Trustee and of the Board of Directors of the Company at the time may be necessary or proper by reason of the terms under which the bonds of any such series are issued;

AND WHEREAS, all things necessary to make the bonds, when authenticated by the Trustee and issued as in this Mortgage provided, the valid, binding and legal obligations of the Company, and to constitute this Mortgage a valid mortgage or deed of trust to secure the payment of the principal and interest of all bonds issued hereunder, have been done and performed, and the creation, execution and delivery of this Mortgage and the creation, execution and issue of bonds subject to the terms hereof, have in all respects been duly authorized;

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purchase of the bonds by the holders thereof, and of the sum of One Dollar duly paid by the Trustees to the Company, and of other good and valuable considerations, the receipt whereof is hereby acknowledged, and for the purpose of securing the due and punctual payment of the principal and interest of all bonds which shall be issued hereunder, and for the purpose of securing the faithful performance and observance of all the covenants and conditions hereinafter, and/or in any supplemental indenture, set forth, the Company has given, granted, bargained, sold, transferred, assigned, pledged, mortgaged, warranted and conveyed, and by these presents does give, grant, bargain, sell, transfer, assign, pledge, mortgage, warrant and convey unto the First Trust and Savings Bank and John C. Mechem, as Trustees, as herein provided, and their successors in the trust hereby created, all and singular the plants, rights, permits, franchises, privileges, easements and property, real, personal and mixed, now owned by the Company or which may hereafter be acquired by it, together with the rents, issues and profits thereof, excepting, however, (and there are hereby expressly reserved from the lien and effect of this Mortgage) all lamps and supplies, machinery, appliances, goods, wares, and other movable property now or at any time handled by the Company for sale as merchandise or not in use or connected as fixtures with its own plants, and consumable supplies; and excepting also all cash, bonds, stocks and other securities now owned or which may hereafter be owned by the Company and which are not deposited under this Mortgage; and excepting also the last day of each of the demised terms created by any lease of property now leased to the Company, and the last day of any demised term under each and every renewal of any lease, the last day of each and every such demised term being hereby expressly reserved to and by the Company.

Without in any way limiting or restricting the generality of the foregoing, there is included in this conveyance, and the Company hereby expressly gives, grants, bargains, sells, transfers, assigns, pledges, mortgages, warrants and conveys the following described property, together with all tenements, hereditaments and appurtenances thereunto belonging or appertaining, owned by the Company, to-wit:

A.

REAL ESTATE

I.

All of the following described real estate situate in Carroll County, State of Iowa, to-wit:

(1) Lots Five (5) and Six (6) in Block Twenty-three (23) of Milwaukee Land Company's Addition to Coon Rapids, Iowa.

(2) The east Forty (40) feet of Lot Eleven (11) and all of Lot Twelve (12) in Block Eleven (11), Milwaukee Land Company's Addition to Coon Rapids, Iowa.

II.

All of the following described real estate situate in Cerro Gordo County, State of Iowa, to-wit:

(1) The South one-half (1/2) of the North one-half (1/2) of Lot numbered four (4) in block numbered two (2) in the original Town of Kausville, now a part of the incorporated Town of Meservey in Cerro Gordo County, Iowa.

(2) Lot numbered four (4) in block numbered Eleven (11) according to re-plat of said block eleven (11) in the incorporated Town of Swaledale.

(3) The North twenty six (26) feet of the East Twenty-two (22) feet of Lot numbered Eight (8) in Block numbered three (3) in the Town of Thornton.

III.

All of the following described real estate situate in Crawford County, State of

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(1) The South forty (40) feet of Lot Six (6) in Block Seven (7), in the Town of Manilla.

IV.

All of the following described real estate situate in Franklin County, State of Iowa:

(1) The South twenty-two (22) feet of the North forty-four (44) feet of lot numbered three (3) in block numbered two (2) of a subdivision of the Southwest quarter of the Southwest quarter of Section five (5), Township ninety-two (92) North, Range twenty-two (22), West of the fifth principal Meridian, in the Village of Alexander, Franklin County, Iowa, excepting an easement that may have been granted by a certain deed recorded in Book thirty-six (36) on Page three hundred ninety eight (398) of the Land Deed records of said Franklin County, Iowa.

(2) The South twenty-five (25) feet of lot numbered one (1) in block numbered six (6) in the original plat of Sheffield in Franklin County, Iowa, being a part of the Southeast quarter of the Southwest quarter of Section numbered four (4) in Township numbered ninety-three (93), North, Range twenty (20) west of the fifth principal Meridian.

V.

All of the following described real estate situate in Lyon County, State of Iowa:

(1) Lots Twenty-five (25) and Twenty-six (26), in Block Seventeen (17) in the Incorporated Town of George.

(2) Lot thirteen (13) in Block Eight (8) in the Incorporated Town of Little Rock, Iowa, as shown by the recorded plat thereof.

VI.

All of the following described real estate situate in Madison County, State of Iowa:

(1) The East Twenty-six (26) feet of the South Eighty-two (82) feet of Lot numbered Four (4), in Block numbered Two (2) of Clanton's Addition to the original Town of St. Charles.

VII.

All of the following described real estate situate in Sac County, State of Iowa:

(1) Lot Six (6) in Block Eighteen (18) in the Original Town of Sac City.

VIII.

All of the following described real estate situate in Webster County, State of Iowa:

(1) Lot Two (2) of Lot Three (3) of Block One (1) of Smith's First Addition to Lehigh.

IX.

All of the following described real estate situate in Woodbury County, State of Iowa:

(1) Lots Four (4) and Five (5) in Block two (2), Town of Salix.

(2) The North Half ($N\frac{1}{2}$) of Lot One (1) and all of Lot Two (2) in Block Twelve (12) Blair's Addition to Sergeant Bluff, together with the following described premises, to-wit:

Beginning at the Northeast (NE) corner of said Lot one (1) thence south on the east line of said lot one (1) to the center of said east line of lot one(1); thence easterly parallel with the northerly line of lot one (1) to a point at the intersection of said line with the west line of Front Street, directly north of Fourth Street projected southeasterly to the northeast (NE) corner of Lot Six (6) in Block Twelve (12); thence northwesterly on said projected line, to the point of beginning.

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(3) That certain easement granted by Nels Anderson by deed dated January 10, 1924, creating rights in Government Lot Nine (9), in Section One (1), Township Eighty-eight (88) North, Range Forty-eight (48) West of the Fifth Principal Meridian, in Woodbury County, Iowa.

X.

All of the following described real estate situate in Wright County, State of Iowa:

(1) Lots numbered one (1) and two (2) in block numbered twenty (20) in the original Town of Belmond.

(2) Lot numbered four (4) in Block numbered Nine (9) in the Town of Rowan.

B.

ALL OTHER REAL ESTATE AND APPURTENANCES.

Also all other real estate, leaseholds, chattels real and equitable interests and other interests in real estate, including rights of way, easements, privileges, and other rights in or relating to real estate or the occupancy of lands, which the Company now owns or may hereafter acquire wheresoever the same may be located; also all plants, buildings, improvements, structures, erections and constructions now or hereafter located on the real estate hereinbefore described or referred to, or on any part thereof, with their fixtures and appurtenances; also all of the tenements, hereditaments and appurtenances appertaining or belonging to the real estate hereinbefore described or referred to, or any part thereof, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all of the right, title and interest of the Company now owned or hereafter acquired in and to the same, and each and every part thereof.

C.

TELEPHONE PLANTS, EXCHANGES AND SYSTEMS.

Those certain telephone plants, exchanges, systems, lines and stations of the Company located in the State of Iowa, as follows:

At Afton in Union County; and

At Alexander, Chapin, Coulter, Latimer and Sheffield, in Franklin County; and

At Ashton in Osceola County; and

At Belmond, Galt and Rowan, in Wright County; and

At Coon Rapids in Carroll County; and

At George, Inwood, Larchwood and Little Rock, in Lyon County; and

At Goodell in Hancock County; and

At Lehigh in Webster County; and

At Orange City in Sioux County; and

At Manila in Crawford County; and

At Meservey, Swaledale and Thornton, in Cerro Gordo County; and

At Nemeha and Sac City in Sac County; and

At Portsmouth in Shelby County; and

At Salix, Sergeant Bluff and Sloan in Woodbury County.

Also all other telephone plants, exchanges, systems, stations and lines of the Company located in the following counties, in the State of Iowa, to-wit:

Carroll, Cerro Gordo, Crawford, Franklin, Hancock, Lyon, O'Brien, Osceola, Sac, Shelby, Sioux, Union, Webster, Woodbury and Wright Counties.

Also those farm lines and apparatus connected therewith of the Company which lines are connected with the George-Little Rock exchange and extend into Nobles County, State of Minnesota.

Also any and all other telephone plants and distribution systems now owned or which shall be hereafter constructed or acquired by the Company and any additions to or extensions of any such present or future plants and systems; together with the buildings, erections, structures, plants, exchanges, lines, substations, conduits, cables, insulators, wires, poles, switchboards, cross-connection frames, ringing machines, telephone instruments, telephone stations, terminal racks, tools, automobile trucks and trailers, wagons, machinery, dynamos, motors, meters, appliances, instruments, apparatus, appurtenances, facilities, and all other property used or provided for use in the construction, maintenance, repair and operation thereof both now owned and which may hereafter be acquired by the Company; and together also with all of the rights, privileges, rights of way, franchises, licenses, grants, liberties, immunities, ordinances, permits and easements of the Company howsoever conferred or acquired and whether now owned or hereafter acquired (including particularly, but not to the exclusion of any other, the rights, privileges and franchises conferred by ordinances of each and all the cities, towns and villages in this Division C mentioned) with respect to the construction, maintenance, repair and operation of said plants and systems, and any additions thereto and extensions thereof.

D.

ELECTRIC PLANTS AND DISTRIBUTION SYSTEMS.

Those certain electric plants and distribution systems of the Company located in the State of Iowa, as follows:

At Cumming, Norwalk, Prole, St. Marys, Wick, Summerset, in the County of Warren,
and

At St. Charles, in the County of Madison.

Also, all other electric plants and distribution systems of the Company situated in the Counties of Madison, Polk, Warren and Woodbury, in the State of Iowa.

Also all the right, title and interest of the Company in the electric distribution systems and transmission lines in Runnels, a municipality located in Polk County, State of Iowa, and in Ackworth, Hartford and Martensdale, municipalities located in Warren County, State of Iowa, which right, title and interest of the Company consists of the right and privilege on the part of the Company to purchase such systems and transmission lines pursuant to the terms of contracts in writing with said respective municipalities.

Also any and all other electric generating plants and electric distributing systems now owned or which shall hereafter be constructed or acquired by the Company, and any additions to or extensions of any such present or future plants and systems; together with the buildings, erections, structures, transmission lines, substations, engines, boilers, condensers, pumps, turbines, machinery, tools, conduits, insulators, dynamos, motors, lamps, wires, poles, meters, appliances, instruments, apparatus, appurtenances, facilities and other property used or provided for use in the construction, maintenance, repair and operation thereof, both now owned and which may hereafter be acquired by the Company; and together also with all of the rights, privileges, rights, of way, franchises, licenses, grants, liberties, immunities, ordinances, permits and easements of the Company howsoever conferred or acquired and whether now owned or hereafter acquired (including particularly, but not to the exclusion of any other, the rights, privileges and franchises conferred by ordinances of each and all the cities, towns and villages in this Division D mentioned) with respect to the construction, maintenance, repair and operation of said plants and systems, and any additions thereto and extensions thereof.

E.

ELECTRIC TRANSMISSION LINES.

The existing interurban and cross-country electric transmission lines of the

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Company, and any such transmission lines hereafter constructed or acquired by the Company, and any additions to or extensions of any such present or future transmission lines, together with the poles, wires, towers, crossarms, insulators, supports, buildings, erections, structures, transformers, stations, substations, switchboard equipment, telephone equipment, machinery, tools, apparatus, appliances, facilities and other property used or provided for use in the construction, maintenance, repair and operation thereof, both now owned and which may be hereafter acquired by the Company, and together also with all the rights, privileges, rights of way, franchises, licenses, easements, grants, liberties, immunities, permits and ordinances of or belonging to the Company, with respect to the construction, maintenance, repair and operation of such existing and future transmission lines, and each of them, and any additions thereto or extension thereof; together with the following described transmission lines:

1. In Polk County, State of Iowa:

The transmission line extending from said point on the South corporate limits of the City of Des Moines, Iowa, South along the margin of the public highway on the boundary line between Ranges Twenty-four (24) and Twenty-five (25) West of the 5th P. M. Iowa, to a point on the boundary line between Warren County and Polk County, Iowa.

2. In Warren County, State of Iowa:

(a) The transmission line extending from the point on the boundary line between Warren County and Polk County, Iowa, and between Range Twenty-four (24) and Range Twenty-five (25) West of the 5th P. M. Iowa, (described in 1, (b) hereof) South along the margin of the public highway on said boundary line between Range Twenty-four (24) and Range Twenty-five (25) West of the 5th P. M. Iowa, to a point on the corporate limits of the Town of Norwalk, Iowa.

(b) The transmission lines in the Town of Norwalk, Iowa, and the substation therein situated, said substation being in Section Eight (8), Township Seventy-seven (77) North, Range Twenty-four (24) West of the 5th P. M., Iowa.

3. In Township Seventy-seven (77), Range Twenty-five (25) West of the 5th P. M., in Warren County, State of Iowa:

(a) The transmission line extending West and North along the public highway from the West corporate limits of the Town of Norwalk, Iowa, to and through the unincorporated Town of Cumming, Iowa;

and any and all other transmission lines now owned or hereafter acquired by the Company.

F.

FRANCHISES.

All franchises, ordinances, permits, licenses and other authorizations by or from any state, county, municipality or other governmental authority, owned or possessed by the Company at the time of the execution and delivery of this Mortgage or which at any time thereafter may be granted to or conferred upon it or may in any manner be acquired by it.

G.

STOCKS OF SUBSIDIARIES.

Minnesota.

(1) Certificates evidencing four thousand five hundred twenty-nine (4,529) shares, of the par value of Ten Dollars (\$10.00) each, of the capital stock of the TOWN AND COUNTRY TELEPHONE COMPANY, a corporation organized under the laws of the State of Minnesota, constituting the entire capital stock of said corporation issued and outstanding --except three (3) qualifying shares held by directors;

Nebraska

(2) Certificates evidencing four hundred ninety-five (495) shares, of the par value of One Hundred Dollars (\$100.00) each, of the capital stock of ALBION ELECTRIC LIGHT COMPANY, a corporation organized under the laws of the State of Nebraska, constituting all of the capital stock of said corporation issued and outstanding--except five (5) qualifying shares held by directors;

(3) Certificates evidencing four hundred forty-eight (448) shares, of the par value of One Hundred Dollars (\$100.00) each, of the capital stock of COLUMBUS GAS COMPANY, a corporation organized under the laws of the State of Nebraska, constituting all of the capital stock of said corporation issued and outstanding--except three (3) qualifying shares held by directors;

(4) Certificates evidencing four hundred ninety-five (495) shares, of the par value of One Hundred Dollars (\$100.00) each, of the capital stock of NORFOLK LIGHT AND FUEL COMPANY, a corporation organized under the laws of the State of Nebraska, constituting the entire capital stock of said corporation issued and outstanding--except five (5) qualifying shares held by directors;

(5) Certificates evidencing eight hundred ninety-five (895) shares, of the par value of One Hundred Dollars (\$100.00) each, of the Capital stock of CENTRAL WEST PUBLIC SERVICE COMPANY OF NEBRASKA, a corporation organized under the laws of the State of Delaware, constituting all of the capital stock of said corporation issued and outstanding--except five (5) qualifying shares held by directors;

North Dakota.

(6) Certificates evidencing two hundred forty-seven (247) shares, of the par value of One Hundred Dollars (\$100.00) each, of the capital stock of BOWMAN ELECTRIC COMPANY, a corporation organized under the laws of the State of North Dakota, constituting the entire capital stock of said corporation issued and outstanding--except three (3) qualifying shares held by directors;

(7) Certificates evidencing one hundred seventy-five (175) shares, of the par value of One Hundred Dollars (\$100.00) each, of the capital stock of HETTINGER LIGHT & POWER COMPANY, a corporation organized under the laws of the State of North Dakota, constituting the entire capital stock of said corporation issued and outstanding--except five (5) qualifying shares held by directors;

(8) Certificates evidencing forty (40) shares, of the par value of Fifty Dollars (\$50.00) each, of the capital stock of NORTHERN UTILITIES CORPORATION, a corporation organized under the laws of the State of North Dakota, constituting all of the capital stock of said corporation issued and outstanding--except three (3) qualifying shares held by directors;

South Dakota.

(9) Certificates evidencing six hundred fourteen (614) shares, of the par value of One Hundred Dollars (\$100.00) each, of the preferred stock of Dakota Public Service Company, a corporation organized under the laws of the State of South Dakota, and one thousand one hundred sixteen (1,116) shares, of the par value of One Hundred Dollars (\$100.00) each, of the common stock of said corporation, constituting the entire capital stock of said corporation issued and outstanding--except seven (7) qualifying shares of common stock held by directors;

(10) Certificates evidencing four hundred sixty-five (465) shares, of the par value of One Hundred Dollars (\$100.00) each, of the capital stock of RAPID CITY GAS AND HEATING COMPANY, a corporation organized under the laws of the State of South Dakota,

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constituting all of the capital stock of said corporation issued and outstanding--except four (4) qualifying shares held by directors;

(11) Certificates evidencing nine hundred ninety-seven (997) shares, of the par value of One Hundred Dollars (\$100.00) each, of the capital stock of SOUTH DAKOTA UTILITIES COMPANY, a corporation organized under the laws of the State of South Dakota, constituting the entire capital stock of said corporation issued and outstanding--except three (3) qualifying shares held by directors;

(12) Certificates evidencing six hundred eighty-six (686) shares, of the par value of Twenty-five Dollars (\$25.00) each, of the capital stock of TRI-COUNTY FARMERS TELEPHONE COMPANY, a corporation organized under the laws of the State of South Dakota, constituting the entire capital stock of said corporation issued and outstanding--except five (5) qualifying shares held by directors; and

(13) Certificates evidencing one thousand seven hundred fifty-five (1755) shares, of the par value of One Hundred Dollars (\$100.00) each, of the capital stock of WATER, LIGHT AND POWER COMPANY, a corporation organized under the laws of the State of South Dakota, constituting the entire capital stock of said corporation issued and outstanding --except five (5) qualifying shares held by directors.

H.

Also any and all cash, stocks, bonds, obligations and other like securities from time to time hereafter by delivery or by writing of any kind for the purposes hereof pledged, assigned or transferred to the Trustee or the Trustees by the Company or by anyone on its behalf or with its written consent, and the Trustee or the Trustees are hereby authorized to receive any such property at any and all times as and for additional security. Any such pledge, assignment or transfer by the Company or by any one on its behalf, or with its written consent, pursuant to the provisions of this clause, as and for additional security, may, notwithstanding anything herein contained, be made subject to any reservations, limitations, conditions and provisions which shall be set forth in an instrument in writing then to be executed by the Company or the person or corporation assigning, mortgaging, pledging or transferring the same and by the Trustee or the Trustees respecting the use, management and disposition of the property so pledged, transferred or assigned.

TO HAVE AND TO HOLD all said property hereby conveyed, assigned, pledged or mortgaged, or intended to be conveyed, assigned, pledged or mortgaged, together with the rents, issues and profits thereof, as well as all such after-acquired property, unto the Trustees, their successor or successors in trust and their assigns forever;

SUBJECT, as to any property hereafter acquired by the Company and becoming subject to the lien of this Mortgage, to any lien thereon existing at the time of such acquisition and to any liens for unpaid portions of the purchase money placed thereon at the time of such acquisition;

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the holders of all bonds and interest coupons now or hereafter issued hereunder, pursuant to the provisions hereof, and for the enforcement of the payment of said bonds and coupons when payable and the performance of and compliance with the covenants and conditions of this Mortgage, without any preference, distinction or priority as to lien or otherwise of any bond or bonds over others by reason of the difference in time of the actual issue, sale or negotiation thereof or for any other reason whatsoever, except as herein otherwise expressly provided; but so that each and every bond now or hereafter issued hereunder shall have the same lien, and so that the interest and principal of every

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as if it had been made, executed, delivered, sold and negotiated simultaneously with the execution and delivery hereof.

And it is expressly declared that all bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property hereby mortgaged or pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, that is to say:

ARTICLE I

FORM, EXECUTION, REGISTRATION AND INTERCHANGE OF BONDS.

SECTION 1. The bonds shall be issued from time to time in any number of different series, as the Board of Directors of the Company may determine. The bonds of each series (excepting Series A, the bonds of which shall be as herein provided) shall (a) bear such date, (b) be payable on such date, or, in case of serial maturities, on such dates, and at such place or places, (c) bear interest at such rate, payable at such time or times and at such place or places, (d) bear such designation or title herein provided for, (e) contain such provisions, if any, with respect to tax exemptions, tax reimbursement, redemption, sinking fund, conveyance into stock or other securities of the Company, limitation of the aggregate principal amount of bonds of such series to be issued, and/or other characteristics not in conflict with the terms of this Mortgage, as the Board of Directors shall determine with respect to the bonds of such series, prior to the authentication of any bonds thereof.

The principal and interest of the bonds of any series may be made payable without deduction, so far as the same may not be prohibited by law, for taxes payable thereon or deductible therefrom, to any extent that shall be determined by resolution of the Board of Directors of the Company prior to the authentication of any bonds of such series, and shall be expressed in such bonds; and the Company may provide for the reimbursement of the holders of the bonds of any series for taxes paid by such holders in respect of the bonds of such series to any extent that shall in the same manner be determined by the Board of Directors of the Company, but the provisions for such reimbursement need not be expressed in such bonds.

The bonds of any series may be made redeemable before maturity, at the option of the Company, in the manner hereinafter provided, in whole or in part, and at such time, or from time to time, and at such price or prices as shall in the same manner be determined by the Board of Directors of the Company, and shall be expressed in the bonds of such series.

The bonds of any series may be made convertible into capital stock or other securities of the Company or of any successor corporation, upon such terms and conditions and during such period or periods as shall be determined by the Board of Directors of the Company prior to the authentication of any bonds of such series, and shall be expressed in such bonds.

The bonds of each series shall be in the English language, and shall be designated by a distinguishing letter or letters of the English alphabet or by the year in which the bonds mature or are dated as the Board of Directors of the Company may determine, or in such other manner as shall be determined by the Board of Directors of the Company and approved by the Trustee prior to the authentication of any bonds of any such series. All bonds of the same series at any time outstanding shall be identical in tenor and effect, except that the same may be of different denominations, may consist in part of coupon bonds and in part of registered bonds without coupons, and may, in case of serial maturities,

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be of different maturity dates, and may contain such variations in tenor and effect as are incidental to such differences in denomination, form and maturities. All coupon bonds of the same series, whenever issued, shall bear the same date. Each registered bond without coupons shall be dated as of the date of the interest payment day thereof on which interest was paid next preceding the date of issue, unless (a) issued on an interest payment day on which interest was paid, in which event it shall be dated as of the date of issue, or (b) issued prior to the occurrence of any interest payment day thereof on which interest was paid, in which event it shall bear such date as shall be fixed by resolution of the Board of Directors of the Company. Each registered bond without coupons shall bear interest from the date thereof.

The aggregate principal amount of bonds of all series to be at any time outstanding under and secured by this Mortgage shall not exceed the amount then permitted by law or fixed by any indenture supplemental hereto.

SECTION 2. The first series of bonds to be issued hereunder shall be designated as Series A, and the aggregate principal amount of such bonds to be at any time outstanding shall not exceed Four Million Six Hundred Fifty Thousand Dollars (\$4,650,000). The bonds of Series A and the coupons thereof shall be substantially in the forms hereinbefore recited, respectively. Each coupon bond of said series shall be dated November 1, 1926, and each registered bond, if any be issued, of such series shall be dated as of the date of the interest payment day thereof on which interest was paid next preceding the date of issue, unless issued on an interest payment day on which interest was paid, in which event it shall be dated as of the date of issue, or unless issued prior to the occurrence of any interest payment day thereof on which interest was paid, in which event such registered bond shall bear such date as shall be fixed by resolution of the Board of Directors of the Company; each bond shall be due and payable November 1, 1956; shall bear interest from November 1, 1926, in the case of coupon bonds and from the date thereof in the case of registered bonds at the rate of five and one-half per centum per annum, payable semi-annually on the first day of May and the first day of November in each year; and shall be payable both as to principal and interest at the office of the First Trust and Savings Bank in the City of Chicago, Illinois. So far as may be lawful, such interest shall be paid without deduction for any tax or taxes upon the income of the holder thereof (except such portion of any income tax with respect to income derived from such interest as shall be in excess of two per centum) which the Company or the Trustee, or anyone acting in behalf of them or either of them, may be required or permitted to pay on or to deduct from such interest under or by reason of the present or any future income tax law of the United States; and the Company hereby covenants and agrees to pay all such taxes and governmental charges except as above provided. The Company will reimburse, as hereinafter provided, the bearer or registered holder, as the case may be, of any bond of Series A, in respect of the Iowa six mills tax, the Pennsylvania and Connecticut four mills tax, the Maryland four and one-half mills tax, the California and Kentucky five mills tax, the Kansas two and one-half mills tax, the Massachusetts six per centum income tax on interest, the New Hampshire three per centum income tax on interest, and any similar taxes hereafter imposed by the State of Maine, not exceeding five mills personal property tax or six per centum income tax on interest, paid by such bearer or registered holder; provided that written application, verified by the applicant, shall be made by such bearer or registered holder to the Company, or to the Trustee (and if to the Trustee with instructions to transmit the same to the Company), within sixty (60) days after payment of such tax by such applicant, and that such application shall set forth the fact of the ownership by the applicant of the bond or bonds of Series A in respect of which such tax

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was paid, together with the number or numbers thereof, the residence and post office address of such applicant at the time such tax was assessed against and paid by him as a resident of one of such states, that such tax was assessed because of the ownership of such bond or bonds of Series A, and such further facts with respect to the legal ability of such applicant to pay such tax as the Company may reasonably require. The Company shall in no event be liable to reimburse such bearer or registered holder for any interest accrued or penalty imposed and paid in addition to the amount of any such tax as originally assessed.

Any or all of the bonds of Series A shall be redeemable on any interest payment date, at the option of the Company, in the manner hereinafter provided in Article V hereof, by the payment of par, accrued interest and a premium of five per centum upon the principal.

SECTION 3. The bonds of each series other than Series A shall be designated in such appropriate manner as shall be determined by the Board of Directors of the Company and shall be approved by the Trustee, provided, however, that the designation "First Mortgage Gold Bonds" (with such additional appropriate description as said Board may determine) shall not be used with respect to any bonds issued hereunder unless (1) by an indenture supplemental hereto Section 4 of Article II of this Mortgage shall have been eliminated from the Mortgage at the date of issuance of such bonds, and (2) there shall then be no mortgage upon all or any part of the property of the Company superior in lien to this Mortgage (except any mortgage upon purchased property acquired by the Company after July 31, 1926), and (3) no stock or bonds of a Subsidiary are then pledged hereunder with the Trustee, and (4) the Trustee shall have been furnished with (a) a copy of a resolution of the Company's Board of Directors changing the designation of the bonds to "First Mortgage Gold Bonds" (with such additional appropriate description as said Board may determine), and (b) an opinion of counsel selected by the Company and satisfactory to the Trustee to the effect that at the date of such issuance Section 4 of Article II of this Mortgage has been eliminated from the Mortgage by a valid supplemental indenture entered into between the Company and the Trustees and that no mortgage superior in lien to this Mortgage then exists upon any part of the property of the Company (except any mortgage upon purchased property acquired by the Company after July 31, 1926). In case any bonds hereafter issued hereunder shall be designated other than as "First Lien Collateral Gold Bonds" (or "First Lien Collateral Gold Bonds" with such additional appropriate description as the Board of Directors may determine) the holder of any bond or bonds of any series previously issued and then outstanding may surrender such bond or bonds to the Trustee at any time with (in case of coupon bonds) all unmatured interest coupons attached, and duly endorsed if a registered bond, and receive in exchange therefor a new bond or bonds of the same series, denomination or denominations, and substantially of the same tenor except that such bonds shall be designated in the same manner as the bond last authenticated hereunder prior thereto. All bonds (and coupons thereof, if any) so surrendered for exchange shall forthwith be canceled by the Trustee and delivered to the Company on its written request therefor.

In the event the corporate name of the Company at any time or times shall be changed in any lawful manner all bonds or coupons thereafter issued under this Mortgage may be issued under and bear the changed corporate name so adopted by the Company.

SECTION 4. In each series coupon bonds may be issued in denominations of \$1,000, \$500 and \$100 each and registered bonds without coupons may be issued in the denomination of \$1,000 each or any multiple thereof designated by the Board of Directors of the Company.

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The principal amount of coupon bonds and of registered bonds of any series to be authenticated hereunder in each of the authorized denominations in which such bonds may then be authenticated shall be determined by the officer or officers of the Company to whom, or upon whose order, such bonds shall be delivered. In each series coupon bonds for \$1,000 shall be numbered M-1 and consecutively upwards, and coupon bonds for \$500 shall be numbered D-1 and consecutively upwards, and coupon bonds for \$100 shall be numbered C-1 and consecutively upwards, and registered bonds shall bear a suitable distinguishing letter to denote different denominations and shall be numbered R-1 and upwards.

SECTION 5. The coupon bonds and the coupons appertaining thereto and the registered bonds to be issued under this Mortgage, and the certificate of the Trustee upon all bonds, shall be substantially of the tenor and purport of the coupon bond, coupon, registered bond and the certificate of the Trustee, respectively, of Series A hereinabove recited, with such appropriate insertions, omissions, substitutions and variations required or permitted by this Mortgage, as may be necessary or incidental to the exercise by the Company of any rights hereby reserved to it in respect of the terms, provisions and characteristics of said bonds. The Company by a resolution of its Board of Directors may make such changes in or additions to any bond issued hereunder or endorsements thereon as may be necessary or incidental to the exercise by the Company of any rights reserved to it under this Mortgage, or as may be necessary in order to conform to the requirements for listing on any exchange or exchanges, provided that such changes are approved as to form by the Trustee; and any bond may bear any appropriate legend indicating the manner in which any required stamp tax has been paid, if the same has been paid otherwise than by affixing stamps to such bond, and any bond may bear any appropriate legend indicating that the same has been authorized to be issued by any commission or governmental agency having jurisdiction to regulate the issue of bonds by the Company.

SECTION 6. All the bonds issued hereunder shall, from time to time, be executed on behalf of the Company by its President or one of its Vice Presidents and by its Secretary or one of its Assistant Secretaries, or by such other form of execution as shall be prescribed by statute, by law, or by vote of the Board of Directors of the Company, and shall be sealed with its corporate seal. The interest coupons to be attached to coupon bonds issued hereunder shall be authenticated by the facsimile signature of the present Treasurer or of any future Treasurer of the Company, and the Company may also adopt and use for that purpose the facsimile signature of any person who shall have been such Treasurer, notwithstanding the fact that he may have ceased to be such Treasurer at the time of the execution thereof or at the time when such bonds shall be actually authenticated and delivered.

In case any of the officers who shall have signed and sealed any bonds shall cease to be such officers before the bonds so signed and sealed shall have been actually authenticated by the Trustee and delivered to the Company, such bonds nevertheless may be issued, authenticated and delivered with the same force and effect as though the person or persons who signed and sealed such bonds had not ceased to be such officer or officers of the Company.

SECTION 7. The Company shall keep at the office of the Trustee, in the City of Chicago, Illinois, books for the registration, transfer and exchange of bonds issued hereunder, and the Trustee is hereby appointed the Registrar of the Company for the purpose of registering transferring and exchanging the bonds secured hereby.

SECTION 8. The holder of any coupon bond issued hereunder may have the ownership thereof registered, as to principal only, on said registry books of the Company, and such

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registration noted on the bond. After such registration no further transfer shall be valid unless made on said books by the registered holder in person or by his duly authorized attorney and similarly noted on the bond; but the bond may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; and such bond may against, from time to time, be registered, or transferred to bearer, as before. Such registration, however, shall not affect the negotiability of the coupons, but every such coupon shall continue to be transferable by delivery merely, and shall remain payable to bearer.

SECTION 9. Upon the surrender to the Trustee for exchange of any coupon bond of the denomination of \$1,000 or of \$500, in either case with all unmatured coupons appertaining thereto, the Company shall issue and, at the request of the Company, the Trustee shall authenticate and deliver, in exchange for such coupon bonds for \$1,000, ten coupon bonds for \$100 each, or two coupon bonds for \$500 each, or five coupon bonds for \$100 each and one coupon bond for \$500, all of the same series and maturity date as the surrendered \$1,000 coupon bond, with all unmatured coupons appertaining thereto, or in exchange for such coupon bond for \$500, five coupon bonds for \$100 each, all of the same series and maturity date as the surrendered \$500 coupon bond, with all unmatured coupons appertaining thereto. Whenever ten coupon bonds for \$100 each, or five coupon bonds for \$100 each and one coupon bond for \$500, or two coupon bonds for \$500 each, all of the same series and maturity date, with all unmatured coupons appertaining thereto, shall be surrendered for exchange for a coupon bond for \$1,000, or whenever five coupon bonds for \$100 each of the same series and maturity date and having all unmatured coupons appertaining thereto, shall be surrendered for exchange for a coupon bond for \$500, the Company shall issue, and the Trustee shall authenticate and deliver, a coupon bond for \$1,000, or \$500, as the case may be, of the same series and maturity date as the surrendered bonds and having all unmatured coupons appertaining thereto.

SECTION 10. Registered bonds without coupons (if authorized in any series) may be issued in exchange for coupon bonds or temporary bonds or other registered bonds without coupons. Whenever any coupon or temporary bond or bonds, each of the denomination of \$1,000, or of \$500, as the case may be, of the same series and maturity date aggregating \$1,000 in principal amount, or any multiple thereof, together with all unmatured coupons, if any, thereto belonging, shall be surrendered for exchange for registered bonds without coupons, the Company shall issue, and the Trustee shall authenticate and in exchange for such coupon or temporary bond or bonds shall deliver a like principal amount, in denominations then authorized hereunder, or registered bonds without coupons of the same series and maturity date as the surrendered bond or bonds. Whenever in person or by his duly authorized attorney the registered holder of any registered bond or bonds without coupons of the same series and maturity date, shall surrender the same for transfer, accompanied by a written instrument of transfer in form approved by the Trustee, the Company shall issue, and the Trustee shall authenticate in the name of the transferee and in exchange for such registered bond or bonds without coupons shall deliver, a new registered bond or bonds without coupons, of the same series and maturity date as the surrendered bond or bonds, and of the denominations authorized, and for a like aggregate principal amount. Whenever any registered bond without coupons, accompanied by a written instrument of transfer in form approved by the Trustee, executed by the registered holder or by his duly authorized attorney, shall be surrendered for exchange for one or more coupon bonds, the Company shall issue, and the Trustee shall authenticate, and in exchange for such registered bond shall deliver, a like principal amount of coupon bonds, of the same series and maturity date as

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the surrendered bond, bearing all unmatured coupons, and of such denomination or denominations herein authorized as may be requested by such registered holder.

All such transfers or exchanges shall be made at the office of the Trustee.

SECTION 11. Upon every exchange of coupon bonds for registered bonds, or vice versa, or of registered bonds for other registered bonds, or of coupon bonds for other coupon bonds of other denominations, and upon any transfer of registered bonds the Company may make a charge therefor, sufficient to reimburse it for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee, and in addition may charge a sum not exceeding one dollar for each bond issued upon any such exchange which shall be paid by the party requesting such exchange as a condition precedent to the exercise of the privileges conferred by this Article. No charge shall be made by the Company for the registration or transfer to bearer of coupon bonds.

In case of any such exchange or transfer the Trustee shall forthwith cancel the surrendered bonds and their interest coupons, if any, and shall deliver the same to the Company, upon its written request therefor. The Company shall not be required to make exchanges or transfers of bonds for a period of ten days next preceding an interest day thereof.

SECTION 12. Until definitive engraved or lithographed bonds of any series are ready for delivery, there may be issued authenticated and delivered in lieu of any thereof and subject to the same provisions, limitations and conditions, temporary typewritten, printed or lithographed bonds in bearer or registered form substantially of the same tenor, except that coupons may be omitted from temporary bonds, but with such appropriate omissions, insertions and variations as may be determined by the Board of Directors of the Company and approved by the Trustee, and such temporary bonds shall be in such denominations as may be directed by the officer or officers of the Company, to whom or upon whose order such bonds shall be delivered.

As soon as definitive engraved or lithographed bonds are ready for delivery in exchange therefor, the holders of such temporary bonds may surrender the same for cancellation at the office of the Trustee in the City of Chicago, State of Illinois, or at such other place or places, if any as may be designated therefor, together with unmatured coupons, if any, thereto appertaining, and shall be entitled to receive in exchange such definitive engraved or lithographed bonds either in the form of coupon bonds with all unmatured coupons attached, or in the form of registered bonds (if registered bonds are authorized), of the same series and maturity date and of like aggregate principal amount. Such exchange will be made at the expense of the Company and no charge shall be made therefor. The Company will prepare and execute the definitive engraved or lithographed bonds with all reasonable dispatch. Until exchanged for definitive bonds, such temporary bonds shall be entitled to the same lien and security of this Mortgage as the definitive bonds to be issued and authenticated hereunder, When and as interest is paid upon temporary bonds, the fact of such payment shall be noted thereon, unless made upon presentation and surrender of a coupon appertaining thereto. Until such definitive bonds are ready for delivery, the holder of one or more temporary bonds, upon the surrender thereof to the Trustee for cancellation, may exchange the same for, and shall be entitled to receive, temporary bonds of the same series and maturity date and of like aggregate principal amount in any denomination or denominations indicated by such holder and in which any temporary bonds of such series shall have been issued.

The Trustee shall authenticate and deliver definitive bonds for issue as aforesaid in exchange for temporary bonds duly authenticated and outstanding hereunder, and

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shall also authenticate and deliver temporary bonds for exchange as aforesaid for other temporary bonds of like aggregate principal amount duly authenticated and issued hereunder. All temporary bonds surrendered in exchange shall forthwith be canceled by the Trustee and upon the written demand of the Company shall be delivered to it.

SECTION 13. Upon receipt by the Company and the Trustee of evidence satisfactory to them of the loss or destruction of any outstanding temporary or definitive bond hereby secured, and of indemnity satisfactory to them, or in case of the mutilation of any such outstanding bond, upon surrender and cancellation of such bond and upon receipt of indemnity satisfactory to them, if requested, the Company in its discretion may execute, and the Trustee may authenticate and deliver, a new bond of the same series, maturity date and denomination and of like tenor and bearing the same issue number (to which the Trustee may add a distinguishing mark), in lieu of such lost, destroyed or mutilated bond, as the case may be. Upon the issue of any substitute bond, the Company may, in its discretion, require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other expense connected therewith, and also a further sum, not exceeding ten dollars, for each bond so issued in substitution. The Trustee shall incur no liability for authenticating any bond under the provisions of this section.

SECTION 14. As to all registered bonds without coupons and all coupon bonds registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of this Mortgage, and payment of or on account of the principal of such bond, if it be a registered coupon bond, and of the principal and interest, if it be a registered bond, shall be made only to or upon the order in writing of such registered holder thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bonds to the extent of the sum or sums so paid. The Company and the Trustee, each in its discretion, may deem and treat the bearer of any coupon bond, which shall not at the time be registered as to principal, and the bearer of any coupon for interest on any bond, whether such bond shall be registered or not, as the absolute owner of such bond or coupon for the purpose of receiving payment thereof, and for all other purposes whatsoever, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

SECTION 15. No bond shall be secured hereby unless there shall be endorsed thereon the certificate of the Trustee, substantially in the form hereinbefore recited, that it is one of the bonds (or temporary bonds) herein described and of the series designated in such bond; and such certificate on any bond shall be conclusive evidence that it is duly issued and is secured hereby.

At any time when the Company shall be in default hereunder, to the knowledge of the Trustee, the Trustee shall not authenticate or deliver any additional bonds under this Mortgage.

ARTICLE II.

RELATING TO THE ISSUANCE OF BONDS.

SECTION 1. \$4,000,000 in aggregate principal amount of bonds of Series A to be secured hereby, or any part thereof, may at any time or from time to time be executed by the Company and delivered to the Trustee for authentication, and the Trustee, without awaiting the recording of the Mortgage, shall authenticate said bonds and deliver the same to or upon the written order of the President or a Vice President of the Company. Additional bonds of Series A may be issued under the provisions of any of the following sections of this Article.

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SECTION 2. Bonds of any series may, from time to time in the manner and subject to the limitations provided in this section and in Sections 1 and 2 of Article I hereof, be issued hereunder by the Company for or on account of the payment, cancellation, redemption or other discharge at, before or after maturity of bonds of one or more other series theretofore authenticated under any provision of this Mortgage, in an aggregate principal amount not exceeding the aggregate principal amount of bonds of such other series so retired, provided, however, (1) that such bonds of such other series have not previously been used as a basis for the authentication of any bonds issued hereunder, or for the withdrawal of any moneys under any provision of this Mortgage, and have not been acquired, redeemed or discharged with moneys applied to any such purpose pursuant to any provision of this Mortgage, and that no part of the expenditures for the redemption, the payment or the purchase and cancellation of such bonds has been made out of insurance moneys or moneys received from the condemnation or sale of any of the Company's property, and (2) that such bonds have not been acquired, redeemed or discharged through the operation of any sinking fund created hereafter under the terms of this Mortgage in respect of any bonds issued hereunder; but the limitation of this clause (2) of this proviso shall apply only to the extent to which the provisions relating to such sinking fund preclude the authentication of bonds under this Section 2 on account of bonds so retired through the operation of such sinking fund.

Bonds shall be authenticated by the Trustee under this section subject to the restrictions hereof and shall be delivered by it to or upon the order of the President or any Vice President of the Company upon receipt by the Trustee of the following:

(a) A copy of a resolution of the Board of Directors of the Company authorizing the execution and authentication of the bonds proposed to be issued, and stating the principal amount thereof and the designation of the series in which to be issued, and, except as to bonds of Series A, setting forth, either expressly or by reference to a resolution of the Board of Directors theretofore adopted, the terms, provisions and characteristics of such bonds, all in accordance with and subject to the restrictions of Sections 1 and 2 of Article I hereof, and specifying the bonds of such other series for or on account of the payment, cancellation, redemption or discharge of which such bonds are authorized to be issued; and

(b) A principal amount of bonds, together with all unmatured coupons, if any, thereto appertaining (either canceled or uncanceled, and in either temporary or definitive form) theretofore authenticated hereunder and specified in such resolution, equal to the principal amount of bonds then requested to be authenticated hereunder; or

(c) An amount in cash equal to the principal amount, with interest thereon to maturity of the bonds of such other series specified in such resolution for the purpose of the payment of such bonds and the interest thereon at maturity; or

(d) An amount in cash sufficient to redeem, and for the purpose of redeeming the bonds of such other series specified in such resolution at the date designated in any notice of redemption of such bonds theretofore given in accordance with the provisions of Article V hereof; and

(e) The resolution, orders, certificates, indenture and/or opinions required by Sections 6 and 7 of this Article and a certificate similarly executed showing that any bonds of such other series delivered to the Trustee have not theretofore been used as the basis for the Authentication of any bonds or the withdrawal of any moneys under any provision of this Mortgage, and have not been acquired, redeemed or discharged with moneys applied to any such purpose pursuant to any provision of this Mortgage and have not been

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acquired, redeemed or discharged through the operation of any sinking fund created in respect of any bonds issued under this Mortgage, or in the alternative that the provisions relating to such sinking fund do not preclude the use of such bonds retired through such sinking fund as the basis for the authentication of bonds hereunder, and that no part of the expenditures for the redemption, the payment or the purchase and cancellation of such bonds has been made out of any insurance moneys or moneys received from the condemnation or sale of any of the Company's property.

Any bond (and its coupons) delivered uncanceled to the Trustee and on account of which a new bond is issued under this section shall, when received by the Trustee, immediately be canceled and surrendered to the Company. Any cash deposited with the Trustee under the provisions of this section shall be applied by the Trustee to the purposes for which such cash was so deposited; provided, however, that upon the surrender by the Company to the Trustee for cancellation of any bond or bonds authenticated hereunder (properly endorsed, if registered, and with all unmatured coupons, if any, thereunto appertaining), for the payment at maturity or the redemption of which cash shall have been deposited with the Trustee under the provisions of this section, the Trustee shall return to the Company out of such cash an amount equal to the amount deposited for the payment at maturity or the redemption, as the case may be, of such bonds so surrendered.

SECTION 3. Bonds of any series may from time to time be issued hereunder by the Company in the manner and subject to the limitations provided in this section and in Sections 1 and 2 of Article I hereof. In case the Company shall, subsequent to the date of the execution of this Mortgage, make any extensions, or subsequent to said date shall acquire, in addition to the properties then owned by the Company, any purchased property, bonds may be issued and authenticated hereunder (a) with respect to all or any part of the additional \$650,000 aggregate principal amount of bonds of Series A authorized to be issued hereunder, to the extent in principal amount of one hundred per centum, and (b) with respect to all other bonds issuable under this Mortgage, to the extent in principal amount of seventy-five per centum, of all expenditures made by the Company for such extensions and/or such purchased property; provided

(1) that such extensions and/or purchased property on account of which bonds are at any time issued under the provisions of this section shall be subject to the lien of this Mortgage as a direct first mortgage thereon; and

(2) that the principal amount of bonds which may be issued under the provisions of this section for or on account of expenditures for extensions or for the acquisition of purchased property shall not (a) with respect to all or any part of the additional \$650,000 aggregate principal amount of bonds of Series A authorized to be issued hereunder, exceed one hundred per centum, and (b) with respect to all other bonds issuable under the provisions of this Mortgage, exceed seventy-five per centum, of the fair market value of such extensions and/or purchased property determined as hereinafter in this section provided; and

(3) that no bonds shall be issued under the provisions of this section unless the Company shall be entitled to issue them under the provisions of Section 6 of this Article with respect to net earnings of the Company and of its Subsidiaries; and

(4) that no bonds shall be issued under the provisions of this section for or on account of any expenditures which shall previously have been used as a basis for the authentication of bonds hereunder, or as a basis for the withdrawal of any money or the release of any property under any provision of this Mortgage, or which shall have been made out of any insurance moneys or moneys received from the sale or condemnation of any

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of the Company's property, or which shall have been certified or used to comply with the provisions respecting any sinking fund created hereafter under the terms of this Mortgage in respect of any bonds issued hereunder, if and to the extent that the provisions relating to such sinking fund preclude the use of such expenditures as a basis for the authentication and delivery of bonds hereunder; and

(5) that no bonds shall be issued under the provisions of this section for or on account of any expenditures for extensions or purchased property which extensions or purchased property shall have been used as a basis for the release of any property under any provision of this Mortgage; and

(6) that, except to the extent permitted in Article VII hereof, no bonds shall be issued under the provisions of this section for or on account of any expenditures for extensions or purchased property which shall have been credited to the Maintenance and Depreciation Reserve Fund under the provisions of said Article VII; and

(7) that no bonds shall be issued under the provisions of this section for or on account of any property (or expenditures therefor) acquired by the Company from any Subsidiary; and

(8) that any expenditures made subsequent to July 31, 1926, by any individual or corporation for extensions and/or purchased property in connection with the operation of any public utility or cold storage property owned by such individual or corporation and conveyed (with such extensions and/or purchased property) to the Company prior to the date of execution of this Mortgage shall be included and treated as expenditures of the Company on account of which bonds are issuable under the provisions of this section.

The term "extensions," as used in this Mortgage, shall, as applied to the Company, mean any additions, extensions, betterments or improvements of a permanent character upon, of or to its permanent property owned at the date of the execution of this Mortgage or thereafter acquired (including also the extensions referred to in subparagraph (8) of this section), and, as applied to any Subsidiary, shall mean any additions, extensions, betterments or improvements of a permanent character upon, of or to its permanent property owned at the date upon which it became a Subsidiary hereunder or thereafter acquired.

The term "permanent property", as used in this Mortgage, shall mean any electric, hydroelectric, gas, telephone, water, ice, cold storage and/or street or interurban railway plant, equipment or property and/or motor busses and/or any other plant, equipment or property used or useful for any public utility purpose owned by the Company or a Subsidiary, as the case may be, but shall not include (a) cash, accounts or bills receivable, securities, supplies, fuel or other assets ordinarily classified as quick assets, or (b) additions, extensions, betterments or improvements or any other property constructed by the Company or the Subsidiary, as the case may be, or any property, equipment or materials purchased for the purpose of such construction.

The term "purchased property", as used in this Mortgage, shall mean any permanent property acquired by the Company or a Subsidiary, as the case may be, through purchase, consolidation or otherwise as and for a part of the permanent and fixed investment for the business of the acquiring company, but shall not include property acquired by the Company from any Subsidiary or by any Subsidiary from any other Subsidiary or from the Company.

The term "fair market value," as used in this Mortgage, of any property or extensions or purchased property shall be the fair market value determined and certified by an engineer or firm of engineers to be selected by the Company and to be satisfactory to the Trustee (except where some other method of determination is specifically provided for herein), and evidenced by a certificate of such determination signed by such engineer or

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firm of engineers and delivered to the Trustee. The fair market value of purchased property shall be determined as of the date of the acquisition thereof, and the fair market value of extensions shall be determined as of the date of the making thereof.

No renewal or replacement of property shall be considered to be an extension within the meaning of this Mortgage except to the extent that the expenditures therefor shall exceed (a) the cost to the acquiring company, if ascertainable from its records, of the property renewed or replaced, or (b) if such cost is not so ascertainable, the fair market value at the time of its acquisition of the property renewed or replaced.

In all cases where the consideration to be paid for any extensions or purchased property shall consist wholly of cash payments made or agreed to be made (including as cash payments any liabilities in excess of current assets received, the payment of which is assumed as a part of the purchase price of such extensions or such purchased property) the total amount of such payments so made and/or agreed to be made shall, within the meaning of this Mortgage, be deemed to be an "expenditure" made for such extension or purchased property by the acquiring company and shall also be deemed for all purposes of this Mortgage to be the cost of such extensions or purchased property. If any extensions or purchased property shall be acquired at any time or times by means of any consideration (in whole or in part) other than cash paid or agreed to be paid by the acquiring company, the fair market value of such extensions or purchased property shall, within the meaning of this Mortgage, be deemed to be an "expenditure" by the acquiring company for such extensions or purchased property and shall also be deemed, for all purposes of this Mortgage, to be the cost of such extensions or purchased property. In case any purchased property is subject, at the time of its acquisition, to any mortgage indebtedness, the amount expended by the acquiring company in the payment and discharge of the principal of such mortgage indebtedness shall be deemed a part of the expenditures for, and cost of, such purchased property.

The term "acquiring company", as used in this Mortgage, shall include the Company and any Subsidiary.

Bonds shall be authenticated by the Trustee under this section subject to the restrictions hereof and shall be delivered by it to or upon the order of the President or a Vice President of the Company upon receipt by the Trustee of the following:

(a) A copy of a resolution of the Board of Directors of the Company authorizing the execution and authentication of the bonds proposed to be issued and stating the principal amount thereof and the designation of the series in which to be issued, and, except as to bonds of Series A, setting forth, either expressly or by reference to a resolution of the Board of Directors theretofore adopted, the terms, provisions and characteristics of such bonds, all in accordance with and subject to the restrictions of Sections 1 and 2 of Article I hereof;

(b) A certificate signed by the President or one of the Vice Presidents and by the Treasurer or an Assistant Treasurer of the Company setting forth (1) the expenditures for extensions and/or purchased property on account of which such bonds are requested to be authenticated, briefly describing such extensions and/or purchased property, and stating that said expenditures have been made and are not, in the opinion of the officers signing the certificate, in excess of the fair market value of such extensions and/or purchased property, and that no part of such expenditures has been charged or is properly chargeable to cost of maintenance or replacements or to other operating expense, and (2) the date of making any extensions and/or of acquiring any purchased property on account of which bonds are requested to be authenticated and the amount and character of the consideration paid

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to the lien of this Mortgage as a first mortgage thereon, and (4) that no part of said expenditures has previously been used as a basis for the authentication of any bonds under this Mortgage or as a basis for the withdrawal of any moneys under any provision of this Mortgage, or has been made out of any insurance moneys or moneys received from the sale or the condemnation of any property of the Company, or has been used as a basis for the release of any property under any provision of this Mortgage or has been certified or used to comply with the provisions respecting any sinking fund created in respect of any bonds issued under this Mortgage or, in the alternative, that the provisions relating to any such sinking fund then existing do not preclude the use of such expenditures as a basis for the authentication of bonds hereunder, and (5) that no part of such extensions or purchased property has been used as a basis for the release of any property under any provision of this Mortgage, and (6) that no part of such expenditures for extensions or purchased property has been credited to the Maintenance and Depreciation Reserve Fund under the provisions of Article VII hereof except to the extent therein permitted, and (7) that the purchased property on account of the expenditures for which bonds are then requested to be authenticated hereunder was not acquired from any Subsidiary, and (8) any other facts and data (not specifically required to be shown in some other manner) showing that the Company is entitled under the foregoing provisions of this section to have authenticated the bonds requested to be authenticated;

(c) An engineer's certificate (as hereinbefore in this section provided) showing the fair market value, determined as provided in this section, of any extensions and/or purchased property for or on account of the expenditures for which such bonds are then requested to be authenticated; and

(d) The resolution, orders, certificates, opinions, indenture and/or other instruments required by Sections 6 and 7 of this Article.

SECTION 4. Bonds of any series may from time to time be issued hereunder by the Company in the manner and subject to the limitations provided in this section and in Sections 1 and 2 of Article I hereof.

In case the Company shall at any time lawfully acquire and own and shall in the manner provided in Section 1 of Article VI hereof pledge hereunder with the Trustees shares of the capital stock (provided that there shall be then or theretofore so pledged and deposited an amount of such stock which shall be not less than ninety-five per centum of the outstanding shares having full voting power, exclusive of directors' qualifying shares, and not less than seventy-five per centum of the outstanding shares having any voting power under any circumstances) of any corporation owning and operating or organized to own and operate any public utility property, and/or cold storage property, or property useful for or in connection with the operation of public utility or cold storage property, such corporation shall thereupon become and be a "Subsidiary" as that term is used in this Mortgage, and shall thereafter continue to be a Subsidiary so long as at least the aforesaid proportion of the shares of its capital stock shall be held hereunder by the Trustee. Certificates for the requisite number of shares of stock of the corporations mentioned in Subdivision G of the granting and conveying clause of this Mortgage having been pledged hereunder with the Trustees, such corporations are now Subsidiaries and shall be so considered so long as certificates for such required number of shares are held hereunder by the Trustees; provided, however, that no bonds shall be issued under the provisions of this Article on account of the acquisition of the shares of stock of any of said corporations or of any corporation organized to acquire, and which shall acquire, substantially all the permanent property of any one or more of said corporations. Bonds may be issued hereunder as follows:

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First. To the extent in principal amount of seventy-five per centum of the cost to the Company or the fair market value, whichever is less, of the stock of any additional Subsidiary pledged hereunder with the Trustees; provided, however, that all or any part of the additional \$650,000 aggregate principal amount of bonds of Series A authorized to be issued hereunder may be issued hereunder to the extent in principal amount of one hundred per centum (instead of seventy-five per centum) of such cost or fair market value, whichever is less;

Second. To the extent in principal amount of seventy-five per centum of the cost or fair market value, whichever is less, of extensions made by any Subsidiary (existing or additional) subsequent to the date upon which it became a Subsidiary; provided, however, that all or any part of the additional \$650,000 aggregate principal amount of bonds of Series A authorized to be issued hereunder may be issued hereunder to the extent in principal amount of one hundred per centum (instead of seventy-five per centum) of such cost or fair market value, whichever is less;

Third. To the extent in principal amount of seventy-five per centum of the cost or fair market value, whichever is less, of any purchased property acquired by any Subsidiary (existing or additional) subsequent to the date upon which it became a Subsidiary provided, however, that all or any part of the additional \$650,000 aggregate principal amount of bonds of Series A authorized to be issued hereunder may be issued hereunder to the extent in principal amount of one hundred per centum (instead of seventy-five per centum) of such cost or fair market value, whichever is less; provided further, however, that:

(1) No bonds shall be authenticated under the provisions of this section in respect of any additional Subsidiary, unless the fair market value of the permanent property and extensions of such Subsidiary at the time of the authentication of any bonds hereunder in respect of such Subsidiary shall be not less than one and one-third times the principal amount of all bonds then to be and previously authenticated under the provisions of this section in respect of such Subsidiary.

As soon as possible after the execution of this Mortgage the Company shall cause to be determined, in the manner provided in Section 3 of this Article, the fair market value of the permanent property of each Subsidiary, certificates for the shares of stock of which are pledged under this Mortgage at the time of its execution as hereinbefore set forth, such value to be ascertained as of July 31, 1926, the date upon which such Subsidiary became a Subsidiary within the meaning of this Mortgage. As soon as possible after the date upon which any additional Subsidiary shall become a Subsidiary the Company shall cause to be determined, in the manner provided in Section 3 of this Article, the fair market value of the permanent property of such Subsidiary at the date upon which it became a Subsidiary. Such value so determined shall thereafter be deemed and treated, for all purposes of this section, as the fair market value of such permanent property at the date upon which such Subsidiary became a Subsidiary. The fair market value of the permanent property and extensions of any Subsidiary at the time of the authentication of any bonds hereunder in respect of such Subsidiary shall be the sum of (a) the fair market value determined as aforesaid of all the permanent property owned by such Subsidiary at the date upon which such Subsidiary became a Subsidiary, and (b) the cost, as defined in Section 3 of this Article, or the fair market value, determined as provided in Section 3 of this Article, whichever shall be less, of extensions and/or purchased property made or acquired by such Subsidiary between the date upon which it became a Subsidiary and any date (selected by the Company) within sixty days next preceding the application for the authentication of

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however, exceed the smaller of the following amounts, namely, (c) such amount of bonds as may be authorized to be issued by such additional Subsidiary under its first mortgage by any public service commission or other governmental agency, if any, then having jurisdiction over the issuance of bonds under the first mortgage of such additional Subsidiary, and as may be permitted by the laws of the state or states in which any property of such Subsidiary is located, and (d) the aggregate principal amount of bonds then to be and previously authenticated under the provisions of this section in respect of such Subsidiary.

(3) No bonds shall be authenticated under the provisions of this section in respect of any Subsidiary unless at the time of the authentication thereof there shall be held in pledge hereunder by the Trustee shares of the capital stock of such Subsidiary constituting not less than ninety-five per centum of the outstanding shares having full voting power and not less than seventy-five per centum of the outstanding shares having voting power under any circumstances;

(4) No bonds shall be authenticated under the provisions of this section for or on account of the cost or fair market value of (a) any stock of a Subsidiary pledged hereunder, or (b) any extensions or purchased property of a Subsidiary, which cost or fair market value shall previously have been used as a basis for the authentication and issuance of bonds under any provision of this Mortgage, or as a basis for the withdrawal of moneys under any provision of this Mortgage, or the expenditures for which extensions or purchased property shall have been made with the proceeds of the sale of any property of any Subsidiary, or with the proceeds of any of its property taken by condemnation, or with any insurance moneys received by it from the payment of losses; and no bonds shall be authenticated under the provisions of this section for or on account of the cost or fair market value of any extensions or purchased property which extensions or purchased property shall have been used as a basis for the release of any property of a Subsidiary under any provision of its mortgage; and except to the extent permitted in Article VII hereof, no bonds shall be authenticated under the provisions of this section for or on account of any expenditures for extensions or purchased property which shall have been credited to the Maintenance and Depreciation Reserve Fund of a Subsidiary under the provisions of said Article; and no bonds shall be authenticated under the provisions of this section for or on account of the cost or fair market value of any property acquired by any Subsidiary from the Company or from any other Subsidiary; and no bonds shall be authenticated under the provisions of this section for or on account of the cost or fair market value of any extensions or purchased property of a Subsidiary, the expenditures for which have been certified to comply with the provisions respecting any sinking fund created hereafter under the terms of this Mortgage in respect of any bonds issued hereunder, to the extent that the provisions relating to such sinking fund preclude the use of such extensions or purchased property or the expenditures therefor as a basis for the authentication and delivery of bonds hereunder, and no bonds shall be authenticated under the provisions of this section for or on account of the cost or fair market value of the stock of any additional Subsidiary pledged hereunder with the Trustees if at the time of the application for the authentication of such bonds the property of such Subsidiary is subject to any mortgage other than the first mortgage of such Subsidiary under which are issuable its bonds provided to be deposited hereunder with the Trustees; provided, however, that, as to any Subsidiary which shall have issued and delivered to the Company its first mortgage bonds for pledge hereunder with the Trustees pursuant to the provisions of Section 15 of Article III hereof, any expenditures made subsequent to July 31, 1926, by any individual or corporation for extensions and/or purchased property in connection with the operation of any public utility or cold

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storage property owned by such individual or corporation and conveyed (with such extensions and/or purchased property) to such Subsidiary prior to the date of execution of its first mortgage shall be included and treated as expenditures of such Subsidiary on account of which bonds are issuable under the provisions of this section.

(5) Bonds shall be authenticated by the Trustee under this section subject to the restrictions hereof and shall be delivered by it to or upon the order of the President or a Vice President of the Company upon receipt by the Trustee of the following:

(a) A copy of a resolution of the Board of Directors of the Company authorizing the execution and authentication of the bonds requested to be authenticated, and stating the principal amount thereof, the designation of the series in which to be issued, and, except as to bonds of Series A, setting forth, either expressly or by reference to a resolution of the Board of Directors theretofore adopted, the terms, provisions and characteristics of such bonds, all in accordance with and subject to the restrictions of Sections 1 and 2 of Article I hereof;

(b) The bonds of such Subsidiary, if any, required by the provisions of subsection (2) hereof to be then pledged hereunder, and the shares of stock of such Subsidiary, if any, required by the provisions of subsection (3) hereof to be then pledged hereunder;

(c) A certificate signed by the President or a Vice President and also by the Treasurer or an Assistant Treasurer of the Subsidiary in respect of which any bonds are requested to be authenticated and also by the President or a Vice President and by the Treasurer or an Assistant Treasurer of the Company setting forth the necessary facts and data (not specifically required to be shown in some other manner) showing that the Company is entitled under the foregoing provisions of this section to have authenticated the bonds requested to be authenticated, and in particular showing the expenditures for extensions and/or purchased property made or acquired by such Subsidiary for or on account of which bonds are then requested to be authenticated, and a description of any such extensions and/or purchased property, and the date of making or acquiring thereof, and the amount and character of the consideration paid therefor, and showing also the expenditures for shares of stock of any Subsidiary pledged hereunder for or on account of which such bonds are then requested to be authenticated;

(d) Unless previously furnished, an engineer's certificate (as provided in subsection (1) of this section) showing the fair market value of the property of any Subsidiary, in respect of which any bonds are requested to be authenticated, at the date upon which such Subsidiary became a Subsidiary, and the fair market value on such date of the shares of stock of such Subsidiary (if bonds are then requested to be authenticated hereunder on account of the cost or fair market value of such shares), and an additional engineer's certificate (as provided in subsection (1) of this section) showing (1) the fair market value determined, as provided in Section 3 of this Article, of all extensions and/or purchased property made or acquired by such Subsidiary between the date upon which it became a Subsidiary and any date (selected by the Company) within sixty days next preceding the application for the authentication of such bonds, and (2) the fair market value, similarly determined, of any extensions and/or purchased property made or acquired by such Subsidiary for or on account of expenditures for which such bonds are then requested to be authenticated;

(e) An opinion of counsel stating (1) that such Subsidiary is lawfully organized, (2) that the amount of its capital stock pledged hereunder is not less than the amount above required to be pledged hereunder in order to qualify it as a Subsidiary of the Company, (3) that the Company may lawfully hold such shares of the capital stock of such Subsidiary, (4) that the bonds of any Subsidiary then pledged hereunder are valid, binding

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obligations secured by a first mortgage covering substantially all the permanent property of such Subsidiary and containing provisions for the adequate security and protection of such bonds and that such first mortgage complies in all respects with the requirements of Section 15 of Article III hereof relating to the first mortgage of a Subsidiary, and (5) that the aggregate principal amount of the bonds of such Subsidiary then pledged hereunder is not less than the amount of such bonds required to be then pledged hereunder under the provisions of subsection 2 supra of this section; and

(f) The resolution, certificates, orders, opinions, indenture and/or other instruments respectively required by Sections 6 and 7 of this Article.

SECTION 5. Bonds of any series may, from time to time, in the manner and subject to the limitations provided in this section and in Sections 1 and 2 of Article I hereof, be issued hereunder by the Company and shall be authenticated by the Trustee and delivered by it to or upon the order of the President or a Vice President of the Company, upon receipt by the Trustee of the following:

(a) A copy of a resolution of the Board of Directors of the Company, authorizing the execution and authentication of the bonds proposed to be issued and stating the principal amount thereof and the designation of the series in which to be issued, and, except as to bonds of Series A, setting forth, either expressly or by reference to a resolution of the Board of Directors theretofore adopted, the terms, provisions and characteristics of such bonds, all in accordance with and subject to the restrictions of Sections 1 and 2 of Article I hereof;

(b) An amount of cash equal to the principal amount of the bonds requested to be authenticated; and

(c) The resolution, orders, certificates, indenture and opinions required by Sections 6 and 7 of this Article.

Money received by the Trustee under the provisions of this section is sometimes referred to in this Mortgage as "deposited cash." Whenever the Company shall be entitled to the authentication and delivery of any bonds under the provisions of any of Sections 2 to 4, inclusive, of this Article and the Trustee shall have in its possession deposited cash equal to the principal amount of such bonds, the Trustee shall, on the request of the Company evidenced by resolution of its Board of Directors and in lieu of the authentication and delivery of such bonds, pay over to the Company on the order of its President or a Vice President an amount of deposited cash equal to the principal amount of such bonds, but only upon receipt by the Trustee of a certificate or certificates, orders, bonds, opinion or opinions and other instruments (if any) of the character required to be given for the authentication and delivery of such bonds (excepting only the orders, certificates and/or opinions required by subparagraphs (a) to (e), inclusive, of Section 7 of this Article) but with such changes or differences as may be appropriate or required by reason of the fact that the Company's application is for the withdrawal of deposited cash instead of for the authentication of bonds. All moneys received by the Trustee under the provisions of this section shall, until paid out as aforesaid, be held by it as part of the mortgaged property. Until so paid out such moneys shall draw interest at a rate to be agreed upon by the Trustee and the Company and such interest shall be paid by the Trustee to the Company upon its order in the absence of an event of default.

SECTION 6. (a) No bonds shall be issued under the provisions of Sections 3 or 4 or 5 of this Article, and no bonds shall be issued under the provisions of Section 2 of this Article bearing a higher rate of interest than the bonds on account of the payment, cancellation, redemption or discharge of which such bonds shall be issued, except

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upon receipt by the Trustee of a certificate signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer of the Company and verified by an auditor selected by the Company and satisfactory to the Trustee and the Bankers hereinafter mentioned showing that for a period of twelve consecutive calendar months ending within sixty days next preceding the authentication of any such bonds hereunder the aggregate net earnings, as hereinafter defined, of the Company and of its Subsidiaries, if any, shall have been at least twice a sum equal to the interest for one year (1) on all the bonds outstanding under this Mortgage at the date of such authentication, less the amount of any deposited cash (whether invested in United States Government obligations or not so invested) then held by the Trustee under the provisions of Section 5 of this Article, and (2) on the bonds requested to be authenticated hereunder. The "net earnings" (as that term is used herein) of the Company or of any Subsidiary shall for any period be deemed to be the amount remaining after deducting from the total gross earnings and income of any such company, derived from all sources for such period, all its operating expenses, including current maintenance and repairs, rentals, state and local taxes and insurance, but excepting all reserves for depreciation, renewals and replacements and/or for amortization and Federal income taxes. In determining the gross earnings and income of any such company for the purposes of this section, there shall be excluded all interest and/or dividends received by such company from the Company or any Subsidiary. In case any property owned by any such company at the time of the authentication of bonds hereunder shall not have been owned by it during any part of any such period or shall have been owned by it during a part only of such period, then and in every such case the net earnings of such property during said period, or during such part thereof as shall have preceded the acquisition of said property by such company, shall be considered and treated as net earnings of such company for such period.

(b) No deposited cash shall be paid out under the provisions of Section 5 of this Article in lieu of the authentication of any bonds, the authentication whereof would be subject to the foregoing restrictions of this section, except upon receipt by the Trustee of a certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company and verified by an auditor selected by the Company and satisfactory to the Trustee and the Bankers hereinafter mentioned showing that the aggregate net earnings, as hereinabove defined, of the Company and of its Subsidiaries, if any, for a period of twelve consecutive calendar months ending within sixty days next preceding the paying out of any such cash shall have been at least twice a sum equal to the interest for one year on all the bonds then outstanding under this Mortgage, less an aggregate principal amount of such bonds equal to the amount of any deposited cash (whether invested in United States Government obligations or not so invested) then held by the Trustee under the provisions of Section 5 of this Article after deducting the amount of cash then to be paid out.

SECTION 7. No bonds shall be authenticated under the provisions of Section 2, 3, 4 or 5 of this Article except upon receipt by the Trustee of the following:

(a) An opinion of counsel stating each public service commission or other governmental agency, if any, of the United States, or of any state thereof, then having jurisdiction over the issuance of bonds under this Mortgage by the Company, and also stating the principal amount of the bonds then requested to be authenticated which are required to be consented to or authorized by each of such public service commissions or governmental agencies, if any; and a certified copy of an order or orders of each such commission or agency authorizing or consenting to the issuance by the Company of a principal

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not previously issued at least equal to the principal amount of bonds
amount of bonds required to be authorized or consented to by such commission or agency, as shown by said opinion;

(b) A certificate signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company stating that any recording or other tax or taxes required by law in connection with the issuance of such bonds or for the effectiveness of the lien of this Mortgage as security for such bonds have been paid; or an opinion of counsel that no such tax or taxes are required by law to be paid;

(c) A certificate signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company stating that the Company is not then in default under any provision of this Mortgage; and that, after the authentication and the issue of the bonds then requested to be authenticated, the aggregate principal amount of all bonds then to be outstanding hereunder will not exceed the maximum principal amount then permitted by law or fixed by any indenture supplemental hereto, and that the aggregate principal amount of bonds of each series then to be outstanding hereunder will not exceed the maximum principal amount, if any, theretofore fixed with respect to each such series;

(d) A certificate signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company stating that no lien or liens then exist upon the permanent property of the Company, save and except the lien of this Mortgage, liens existing at the date of acquisition on purchased property acquired by the Company subsequent to July 31, 1926, liens for taxes and assessments not due, or, if due, in course of contest and secured by sufficient bond, judgments in course of appeal or otherwise in contest and secured by sufficient bond, liens arising out of proceedings in court in course of contest, and any other liens to which the lien of this Mortgage is superior existing on any permanent property of the Company; and in case any bonds are requested to be authenticated in respect of any Subsidiary, further stating that no lien or liens exist on any permanent property of such Subsidiary, save and except the lien of the mortgage securing the bonds of such Subsidiary pledged hereunder, liens existing at the date of acquisition on purchased property acquired by such Subsidiary after the date upon which it became a Subsidiary, liens for taxes and assessments not due, or, if due, in course of contest and secured by sufficient bond, judgments in course of appeal or otherwise in contest and secured by sufficient bond and liens arising out of proceedings in court in course of contest;

(e) In case of the first authentication of bonds of any series, other than Series A, an indenture supplemental hereto, executed as provided in Article XVII hereof, describing the bonds of such series and the terms, provisions and characteristics thereof, and limiting the aggregate principal amount of the bonds of such series at any one time outstanding to an amount stated in such indenture, or an opinion of counsel to the effect that such indenture is not required for the adequate protection and security for the bonds issued and to be issued hereunder;

(f) In case of an application for the authentication of bonds under the provisions of Section 3 or Section 4 of this Article, or in case of an application for the withdrawal of deposited cash under the provisions of Section 5 of this Article, all such deeds, conveyances, transfers or instruments of further assurance as may be necessary for the purpose of effectually subjecting (1) to the direct lien and operation of this Mortgage as a first mortgage thereon the purchased property or extensions acquired by the Company described in the certificate provided for in subdivision (b) of Section 3 of this Article, and (2) to the direct lien and operation of the first mortgage of the Subsidiary

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(under which are issuable the bonds provided to be pledged hereunder with the Trustees) as a first mortgage thereon, the purchased property or extensions acquired by such Subsidiary described in the certificate provided for in subdivision (c) of Section 4 of this Article, together with an opinion of counsel that the same are sufficient for the purpose, or an opinion of counsel that no such deeds, conveyances, transfers or instruments are necessary for such purpose; and

(g) In case of an application for the authentication of bonds under the provisions of Section 3 or Section 4 of this Article or in case of an application for the withdrawal of deposited cash under the provisions of Section 5 of this Article, in respect of any purchased property and/or extensions, an opinion of counsel stating that the Company or the Subsidiary, as the case may be, has acquired good title to and has lawful power to own and operate any purchased property or extensions included in the certificate provided for in subdivision (b) of Section 3 or in subdivision (c) of Section 4 of this Article, as the case may be (unless the purchased property or extensions described in the certificate provided for in said subdivision (b) of Section 3 or in said subdivision (c) of Section 4 shall have been covered by an opinion of counsel theretofore filed with the Trustee), and that such purchased property or extensions (if acquired by the Company) are subject to the lien of this Mortgage as a first mortgage thereon and (if acquired by a Subsidiary) are subject to the lien of the first mortgage of such Subsidiary under which are issuable the bonds provided to be pledged hereunder with the Trustees, as a first mortgage thereon, and that such purchased property or extensions are free and clear of all other liens other than those specified in the certificate required by subdivision (d) of this section.

SECTION 8. Any resolution of the Board of Directors or stockholders of the Company required or permitted under any provision of this Mortgage to be delivered to the Trustee hereunder shall have attached thereto a certificate of the Secretary or an Assistant Secretary of the Company certifying, under the corporate seal of the Company, to the adoption of such resolution, and the Trustee may accept such certificate as conclusive evidence that any resolution so certified has been duly adopted by the Board of Directors of the Company or by its stockholders, as the case may be, and that any such resolution is in full force and effect. The same officer or officers of the Company need not certify to all the facts required to be certified to under the provisions of this Article, but different officers may certify to different facts.

The words "opinion of counsel," whenever used in this Mortgage, shall mean the written opinion of counsel (who may be of counsel to the Company) selected by the Company and satisfactory to the Trustee.

The words "engineer" or "firm of engineers," wherever used in this Mortgage, shall include an engineering corporation and shall mean any engineer, firm of engineers or engineering corporation selected by the Company and satisfactory to the Trustee, and who or which may be in the employ of or under retainer by the Company, except that in any case where purchased property or stock of a Subsidiary is acquired for a consideration other than cash paid and/or the assumption of any indebtedness, then for the purpose of determining the value of the purchased property or stock of a Subsidiary, as the case may be, acquired by the Company, such engineer, firm of engineers or engineering corporation shall be an independent engineer, firm of engineers or engineering corporation, who or which, however, may be under retainer by the Company.

The resolutions, certificates, opinions and other statements required by this Article to be delivered to the Trustee as a condition to the authentication of bonds or

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the payment of deposited cash hereunder may be received by the Trustee as conclusive evidence of any fact or matter therein set forth appertaining to its right or duty to authenticate or deliver bonds or pay such cash pursuant to any provisions of this Article and shall be full warrant, authority and protection to the Trustee acting on the faith thereof for the authentication by it of such bonds or the payment of such cash, not only in respect of the facts, but also in respect of the opinions therein set forth.

SECTION 9. Each coupon bond issued under this Mortgage shall have attached thereto at the time of issue all unmatured interest coupons thereunto appertaining. Any unmatured interest coupons appertaining to such bonds shall be canceled by the Trustee and be delivered to the Company at the time of the authentication and delivery of the bond.

SECTION 10. Wherever in this Mortgage the Company is permitted or required to deposit cash hereunder with the Trustee, the Company may deposit in lieu of cash an equal face amount of obligations of the Government of the United States of America. The Company may at any time withdraw any cash on deposit hereunder with the Trustee by depositing hereunder with the Trustee in substitution therefor an equal face amount of obligations of the Government of the United States of America. Any obligations so deposited shall have attached thereto all unmatured interest coupons and shall be held by the Trustee in all respects as would be held the cash for which such obligations are so substituted. Any obligations so deposited shall be sold by the Trustee upon written request of the Company at such prices as shall be fixed by the Company and approved by the Trustee, and if the proceeds from any such sale shall be less than the face value of the obligations sold, or if the market value of any obligations so deposited hereunder shall, in the judgment of the Trustee, at any time be less than the face value thereof, in either event the Company shall deposit hereunder with the Trustee cash sufficient to make up the deficiency; but the cash deposited to make up the deficiency in the market value of any obligations may at any time thereafter be withdrawn by the Company if at the time of withdrawal the market value of such obligations shall be not less than the face value of such obligations. The Trustee shall collect from time to time all interest upon the deposited obligations as such interest matures, and so long as the Company shall not be in default hereunder all such interest shall be paid by the Trustee to the Company as and when received. The proceeds of the sale of deposited obligations shall be paid out and applied by the Trustee in like manner and for like purposes as is provided in this Mortgage in respect of the cash in lieu of which such obligations were deposited. The deposited obligations while held by the Trustee, and the proceeds of the sale thereof, until such proceeds are so paid out and applied, shall be part of the mortgaged property.

ARTICLE III.

PARTICULAR COVENANTS OF THE COMPANY.

The Company hereby covenants and agrees with the Trustees and with the respective holders and owners of the bonds issued hereunder:

SECTION 1. That, except as to after-acquired property, it is the lawful owner of the premises and property hereinbefore by it conveyed or transferred to the Trustees; that it has good right and lawful authority to mortgage the same, as provided in and by this Mortgage; that said premises and property are free from all liens and encumbrances except taxes for the current year; and that it will warrant and defend the title thereto against all claims and demands whatsoever.

SECTION 2. That it will not issue, or permit to be issued, any bonds hereby secured in any manner other than in accordance with the provisions of this Mortgage and the agreements in that behalf herein contained, and will not suffer or permit any default to

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occur under this Mortgage, but will faithfully preserve and perform all the conditions, covenants and requirements hereof obligatory upon it.

SECTION 3. That it will pay the principal and interest of all the bonds duly issued hereunder, according to the terms thereof and of this Mortgage; that so long as any of such bonds shall remain outstanding and unpaid, it will not directly or indirectly extend or assent to the extension of the time for the payment of any interest coupon or claim for interest of or upon any such bond, and will not directly or indirectly be a party to any arrangement therefor, either by purchasing or refunding or in any manner keeping alive such interest coupon or claim for interest, or otherwise; that in case the payment of any such interest coupon or claim for interest shall be so extended by or with or without the consent of the Company, then, anything in this Mortgage contained to the contrary notwithstanding, such interest coupon or claim for interest so extended shall not be entitled, in case of default hereunder, to any benefit of or from this Mortgage, except after the prior payment in full of the principal of all bonds issued hereunder and of such interest coupons and claims for interest as shall not have been so extended.

SECTION 4. That it will maintain, in each and every place where the principal of any outstanding bonds of any series issued hereunder may be made payable, an office of agency, where notices, presentations and demands to or upon it in respect of said bonds may be given or made, and for the payment of the principal thereof; and it will also maintain an office or agency for the payment of interest in each and every place where the interest of any series of bonds issued hereunder may be made payable. From time to time the Company will file with the Trustee notice in writing of the location, and of any change in the location, of each such office or agency. In case the Company shall fail to maintain such office or agency or shall fail to give notice of the location or change of the location thereof, presentation and demand may be made, and notices may be served upon the Company, at the office of the Trustee in the City of Chicago, State of Illinois, but the Trustee shall be under no liability to the Company or to any other person or corporation in respect of any such presentation, demand or notice.

SECTION 5. That it will duly pay and discharge as the same shall become due and payable, all real estate and personal property taxes, water rates, assessments and governmental and other charges lawfully levied and imposed by the United States of America or by any state, county or municipality upon the mortgaged premises, including the franchises, earnings and business of the Company; and that it will not suffer any mechanics', laborers', statutory or other lien which might or could be held to be prior to the lien of this Mortgage to be created or to remain outstanding upon the property described in this Mortgage, or any part thereof, or upon any after-acquired property which may be made the basis of the issue of bonds hereunder; provided, however, that nothing contained in this Article shall require the Company to pay, acquire or make provision for such tax, assessment, lien or charge so long as the Company in good faith shall contest the validity thereof and so long as such delay in payment shall not subject the property mortgaged hereunder, or any part thereof, to forfeiture or sale.

SECTION 6. That it will keep all the property of a character usually insured by companies similarly situated and which is at any time covered by this Mortgage, insured against loss or damage by fire, and to such amount as such property is usually insured by companies similarly situated, either by means of policies issued by reputable insurance companies or, at the Company's election, by means of an adequate insurance fund set aside and maintained by it out of its own earnings or in conjunction with other companies through an insurance trust or other agreement, the loss, if any, to be made payable to the Trustee,

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and to the trustee or trustees of any mortgages prior in lien to this Mortgage on such property, as their respective interests may appear; that it will, if requested by the Trustee, assign and deliver to it all such policies of insurance upon its property, unless required by the trustee of any mortgage prior in lien to this Mortgage to deliver them to such trustee; that if the total amount received by the Trustee upon all policies shall, in the case of any one loss, be less than the sum of Ten Thousand Dollars (\$10,000), the amount shall be paid forthwith to the Company by the Trustee, to be used by the Company to pay for replacements of or substitutions for the injured or destroyed property, but the Trustee shall not be obligated to see to the application thereof; that in all other cases the proceeds of any and all insurance on any part of the mortgaged property which may be received by the Trustee shall be held and disposed of pursuant to the provisions of Article IX of this Mortgage.

So long as there are outstanding any bonds or obligations secured by a mortgage which (a) constitutes a lien on all or any part of the properties of any Subsidiary or (b) constitutes a lien on all or any part of the properties of the Company prior to the lien hereof (as evidenced by a certificate, satisfactory in form and substance to the Trustee, of any trustee or mortgagee under any such mortgage, or of any counsel therefor), and a check for the amount of any loss covered by any insurance policy on any property subject to any such mortgage is drawn by an insurance company, payable to the order, among others, of the Trustee hereunder and the trustee or mortgagee under any such mortgage, the Trustee hereunder shall endorse said check, without recourse, and deliver the same so endorsed to the appropriate trustee or mortgagee under any such mortgage, provided, however, that if such mortgage requires the application of such insurance moneys to the payment of the bonds or other obligations secured by such mortgage, any balance of such insurance moneys not so applied shall be repaid to the Trustee by the trustee or mortgagee holding the same.

SECTION 7. That it will at all times maintain, preserve and keep its property mortgaged hereunder, with the appurtenances and every part and parcel thereof, in thorough repair, working order and condition and equipped with suitable equipment and appliances and from time to time will make all needful and proper repairs, renewals and replacements thereof, so that at all times the value of the security for the bonds issued hereunder and the efficiency of the property of the Company hereby mortgaged shall be fully preserved and maintained, and, subject to the provisions hereof, will maintain and preserve all the rights, powers, privileges and franchises by it owned.

Nothing herein contained shall be construed to prevent the Company from ceasing to operate any of its plants or any other properties if in the judgment of the Company it is advisable not to operate the same for the time being, or, if the Company intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effectuate such a sale; nor in any such event to prevent the Company from taking such action with respect to such plant or such other property as is proper and customary under the circumstances.

SECTION 8. That if it shall fail to perform any of the covenants contained in Sections 5, 6 and 7 of this Article, the Trustee, or any receiver appointed hereunder, as herein provided, may make advances to perform the same in its behalf; and it hereby agrees to repay all sums so advanced in its behalf, on demand, with interest at the rate of six per centum (6%) per annum after demand, and all sums so advanced with interest as aforesaid shall be secured hereby, having the benefit of the lien hereby created, in priority to the indebtedness evidenced by said bonds and coupons; but no such advance shall be deemed to relieve the Company from any default hereunder.

SECTION 9. That in case of the acquisition in the future of the stock of any

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the balance of the issued and outstanding capital stock having full voting power of such corporation remaining in the hands of the public, and, as acquired, will cause the same (except shares reserved to qualify directors) to be deposited and pledged hereunder with the Trustee. The Company will in no case suffer or permit the proportion of the capital stock of a Subsidiary which it may have acquired, and pledged hereunder, to be reduced to less than ninety-five per cent of the outstanding shares of such Subsidiary having full voting power, nor to less than seventy-five per cent of the shares having voting power under any circumstances.

SECTION 10. That in order fully to preserve and protect the security of the bondholders and all rights of the Trustees, it will cause this Mortgage and every additional instrument which shall be executed pursuant to the terms hereof at all times to be recorded and filed in such manner and in such places as may be required by the laws of the state or states, in which the property subject hereto is located, for the recordation and filing of a real estate mortgage and also, so far as permissible under such laws, in such manner and in such places as may be required by such laws for the recordation and filing of a personal property mortgage.

SECTION 11. That it will, upon reasonable request, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out most effectually the purposes of this Mortgage, especially to make subject to the lien hereof any property now owned or hereafter acquired by it, which it is herein provided shall be subject to the lien hereof, and to transfer to any new trustee the estate, powers, instruments and funds held in trust hereunder.

SECTION 12. That, if it shall hereafter acquire motor busses for or on account of the expenditures for which it shall request the authentication hereunder of bonds of any series, it will, before such authentication, duly execute with the Trustees and cause to be duly recorded a supplemental indenture conveying to the Trustees such motor busses as further security for the bonds issued and to be issued hereunder. Such supplemental indenture shall contain such description of such motor busses and shall be executed and acknowledged by the parties thereto and shall be duly recorded all in such manner and in such places as may be required by the laws of the state in which such motor busses are to be used, in order to subject such motor busses to the lien of this Mortgage; and the Company covenants that it will at all times comply with the requirements of any and all recording and other laws ~~of any and all recording and other laws~~ of any such state relating to the recordation of mortgages upon personal property in order to maintain the lien of this Mortgage upon such motor busses at all times after the execution of such supplemental indenture.

SECTION 13. That except as herein otherwise provided or permitted, either expressly or by implication, it will at all times do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights, permits and franchises and the corporate existence, rights, permits and franchises of each Subsidiary; that it will comply, and cause each Subsidiary to comply, with all the laws of any state or states of the United States of America applicable to the Company or to any such Subsidiary and to the right of the Company and of any such Subsidiary to transact business in any such state, and with all lawful rules and regulations of any commission, board or public authority having jurisdiction in the premises, in such form and manner as counsel may advise; provided that the Company and any Subsidiary may surrender any right, permit, privilege or franchise, whenever the Company, or such Subsidiary, shall contemporaneously, or as a part of the same transaction, obtain a new and, in the opinion of a majority of the Board

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under which the Company, or such Subsidiary, as the case may be, may continue to perform the service and conduct the business theretofore performed or conducted under or by virtue of the right, permit, privilege or franchise then surrendered or whenever the right, permit, privilege or franchise to be surrendered can no longer be profitably exercised or availed of and shall not be essential to the maintenance and continued use of the rest of the properties mortgaged hereunder, and consequently the security afforded by this Mortgage would not be substantially impaired.

SECTION 14. That it and each Subsidiary will keep accurate and complete books of account, and maintain an adequate accounting system in such form as shall be approved by certified public accountants designated or approved by A. B. Leach & Co., Inc., 39 South LaSalle Street, Chicago, Illinois (herein called the Bankers), and that the Company will keep at its principal office said books and all records and documents appertaining to the business of the Company, and its Subsidiaries, and will cause full and correct entries of all business transactions of the Company and its Subsidiaries to be entered upon said books, and will, at its own expense, cause its books and accounts and those of its Subsidiaries to be audited annually as soon as may be after the close of the year by like accountants, and will permit such accountants to that end to make examination of all books, records, papers and property of the Company and its Subsidiaries as said accountants may deem necessary or desirable for a complete audit and report upon the business and financial condition of the Company and its Subsidiaries, and will, upon completion of such audit and report, deliver a full and complete certified copy of such audit and report upon the Company and its Subsidiaries to the Bankers and to the Trustee, inclusive of a balance sheet and an earning statement. Such audit and report shall include a statement of the operations of the Maintenance and Depreciation Reserve Fund of the Company and of each Subsidiary for such year. That in addition thereto it will furnish, monthly, to the Bankers and to the Trustee on request therefor, a copy of the report, statement and/or balance sheet, if any, upon the financial condition of the Company and its Subsidiaries and of its and their earnings and operations, as shall be available or may be prepared for the use of its officers and/or its Board of Directors.

SECTION 15. (1) On or before November 1, 1927, the Company will assign, transfer and convey to and pledge hereunder with the Trustees, first mortgage bonds of Subsidiaries in an aggregate principal amount at least equal to seventy-five per centum of the fair market value on July 31, 1926, of all the permanent properties of all existing Subsidiaries, determined as provided in Section 3 of Article II hereof (exclusive of any such properties which prior to November 1, 1927, shall have been conveyed to the Company and subjected to the lien of this Mortgage), or in an aggregate principal amount at least equal to \$3,000,000, whichever of said two amounts shall be the lesser, unless, after the capital stock of one or more Subsidiaries shall have been increased (as provided and subject to the limitations hereinafter in this paragraph set forth) the aggregate principal amount of first mortgage bonds which all the Subsidiaries may then be permitted by law, and/or by any public service commission or other governmental agency having jurisdiction, to issue, shall in the opinion of counsel for the Company be less than the lesser of said two amounts, in which event, the Company will, on or before November 1, 1927, assign, transfer and convey to and pledge hereunder with the Trustees, first mortgage bonds of a Subsidiary or Subsidiaries in the maximum aggregate principal amount which the Subsidiaries may then be permitted by law, or by any such public service commission or governmental agency, to issue. In every case where the fair market value as of July 31, 1926, of the permanent property of any existing Subsidiary determined as provided in Section 3 of

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standing, and the laws of the state under which such Subsidiary is organized shall limit the amount of indebtedness which may be created by such Subsidiary to an amount less than or not in excess of the par value of its capital stock, the Company will cause such Subsidiary to increase its capital stock in such manner and to such amount as may be permitted by law, and/or by any public service commission or other governmental agency having jurisdiction thereof, for the purpose of enabling such Subsidiary to issue its first mortgage bonds in an amount sufficient so far as may be to enable the Company on or before November 1, 1927, to pledge hereunder with the Trustees first mortgage bonds of Subsidiaries in an aggregate principal amount at least equal to the lesser of said two first mentioned amounts; provided, however, that in no event shall the Company be required without its consent to make any subscription or investment on account of any such increase of capital stock. If for any reason not due to the fault of the Company or any Subsidiary, the Company or any Subsidiary issuing such first mortgage bonds shall be unable on or before November 1, 1927, to comply with all requirements of law governing the issue of such bonds or to procure any required authorization from any such public service commission or other governmental agency, the Trustee may in its discretion extend from time to time the date on or before which the Company under this section is required to pledge such bonds with the Trustees, but not beyond May 1, 1928, and in the event of such extension the pledging by the Company with the Trustees of such bonds on or before the extended date shall be deemed a compliance with this section.

(2) The mortgage or mortgages securing such first mortgage bonds and the bonds to be issued thereunder shall be in such form and contain such provisions as shall be determined or approved by counsel selected by or satisfactory to the Bankers, and the trustee or trustees under any such mortgage shall be selected by the Bankers.

(3) The Company will not permit any Subsidiary to issue first mortgage bonds in an aggregate principal amount exceeding the fair market value on July 31, 1926, of the permanent property of such Subsidiary, except for the following purposes and subject to the following limitations:

(a) On account of the deposit with the trustee under such first mortgage of cash or a principal amount of obligations of the United States of America at least equal to the aggregate principal amount of such bonds;

(b) To retire a like principal amount of such bonds previously issued under such first mortgage;

(c) To pay for extensions and/or purchased property to the extent of seventy-five per centum of the cost or fair market value thereof, whichever shall be less, made or acquired by such Subsidiary after July 31, 1926 (including purchased property acquired by such Subsidiary from any other Subsidiary), or made or acquired subsequent to said date by any other corporation or by an individual in connection with the operation of any public utility or cold storage property owned by such corporation or individual and conveyed to such Subsidiary issuing such bonds prior to the execution of the first mortgage under which such bonds shall be issued.

(d) To replace any lost, destroyed or mutilated bond theretofore issued under such first mortgage, or bonds previously issued under such first mortgage of different denominations having an aggregate principal amount not less than the aggregate principal amount of all bonds to be issued in exchange therefor, or for the purpose of issuing registered bonds in substitution for outstanding coupon bonds under such first mortgage or vice versa.

(4) Subject to the foregoing provisions of this section, the aggregate principal

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with the Trustees shall not exceed the proportion of the aggregate principal amount of first mortgage bonds of all Subsidiaries then pledged or simultaneously therewith to be pledged under this section with the Trustees which the fair market value of the permanent property and extensions of such Subsidiary, (determined as of the date upon which such Subsidiary became a Subsidiary or as of the date upon which any extensions and/or purchased property included therein were made or acquired, as the case may be) shall bear to the aggregate fair market value of the permanent properties and extensions of all Subsidiaries similarly determined; provided, however, that the provisions of this subparagraph (4) may be disregarded if necessary in order to comply with the requirements of subparagraph (1) or subparagraph (7) of this section.

(5) On or before the date upon which such first mortgage bonds shall be pledged hereunder with the Trustees, the Company shall deliver to the Trustee an opinion of counsel stating:

(a) That the Subsidiary issuing such bonds is lawfully organized and is authorized to carry on a public utility and/or cold storage business in each state in which any part of its property is located;

(b) That the shares of stock of such Subsidiary pledged or which shall then be pledged hereunder with the Trustees constitute, in the case of any existing Subsidiary or any Subsidiary which shall have acquired substantially all the permanent property of any existing Subsidiary, one hundred per centum of the outstanding shares of capital stock of all classes of such Subsidiary (other than directors' qualifying shares) and constitute, in the case of any other additional Subsidiary, not less than ninety-five per cent (95%) of the outstanding shares of such Subsidiary having full voting power and not less than seventy-five per cent (75%) of the outstanding shares of such Subsidiary having any voting power under any circumstances; and

(c) That the first mortgage securing such bonds of any Subsidiary complies in all respects with the requirements of this section, and is valid and binding upon such Subsidiary, and that the bonds issued thereunder are valid and binding obligations of such Subsidiary secured under such first mortgage by a first lien upon substantially all the permanent property and extensions of such Subsidiary.

(6) The Company will cause the necessary corporate action to be taken by each such Subsidiary for the execution of its first mortgage and the issue thereunder of first mortgage bonds to the aggregate principal amount in this section specified, and will cause such Subsidiary to take all steps necessary to secure authority for such execution and issue from the public service commission or other governmental body, if any, having jurisdiction thereover.

(7) In case for any reason any Subsidiary shall be unable to issue the proportionate aggregate principal amount of bonds required to be pledged hereunder with the Trustees, the Company to the extent permitted by law and by any public service commission or other governmental agency having jurisdiction, will cause one or more other Subsidiaries to issue its or their first mortgage bonds, in addition to its or their first mortgage bonds hereinabove required to be pledged with the Trustees, in lieu of the bonds which such Subsidiary shall so be unable to issue, to the end that there may be pledged hereunder with the Trustees, before any bonds of the Company in addition to the \$4,000,000 aggregate principal amount of bonds of Series "A" provided for in Section 1 of Article II hereof shall be issued under this Mortgage, first mortgage bonds of Subsidiaries in the aggregate principal amount required by subparagraph (1) of this section.

(8) The Company will not permit any Subsidiary to issue any bonds, notes or

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but this paragraph shall not apply to ordinary current indebtedness payable in less than one (1) year from the date upon which such indebtedness shall have been incurred.

(9) Whenever under Section 4 of Article II hereof application shall be made for the authentication of bonds for or in respect of the acquisition of stock of any additional Subsidiary, the Company will cause such additional Subsidiary to take such corporate action as shall be necessary to authorize the execution of its first mortgage and the issue thereunder of such aggregate principal amount of first mortgage bonds as is required under subsection 2 of said Section 4 to be pledged with the Trustees, and will also cause such Subsidiary to take such steps as shall be necessary to secure authority for such execution and issue from any public service commission or other governmental agency having jurisdiction.

(10) The Company further covenants that whenever application shall be made under said Section 4 for the authentication of bonds for or on account of extensions and/or purchased property made or acquired by any Subsidiary, the Company will cause such Subsidiary to take such corporate action as shall be necessary to authorize the execution of its first mortgage (if not theretofore taken), and to issue thereunder to the extent permitted by law such aggregate principal amount of its bonds as is required by subsection 2 of said Section 4 to be pledged with the Trustees, and will cause such Subsidiary to make all proper efforts to secure authority for such execution and issue from any public service commission or other governmental agency having jurisdiction.

(11) Nothing in this section contained shall be deemed or construed to require the Company to advance any funds or to make any investment in the stock or securities of any Subsidiary for any of the purposes of this section.

(12) In lieu of depositing bonds of any Subsidiary hereunder the Company may acquire the legal title to substantially all the property of such Subsidiary, and upon any such acquisition the Company shall execute and deliver to the Trustees a supplemental indenture, in form approved by counsel satisfactory to the Trustee, subjecting to the lien of this Mortgage all the permanent property and extensions acquired from such Subsidiary, and thereupon the Trustees shall surrender to the Company all shares of the capital stock of such Subsidiary then held by the Trustees.

ARTICLE IV.

CONVERSION INTO CAPITAL STOCK OR OTHER BONDS.

SECTION 1. The Board of Directors of the Company shall have the right in the manner provided in Section 1 of Article I hereof, to provide that the bonds of any series to be issued hereunder may be converted into capital stock of the Company or into other bonds of the Company to be issued hereunder, in the manner provided in this Article. Bonds of such series shall contain appropriate language evidencing such right of conversion.

SECTION 2. The Company covenants and agreed that it will duly authorize, reserve and have ready at all times shares of its capital stock sufficient to effect the conversion of the principal amount of the outstanding and unpaid bonds of any series containing the right of conversion into capital stock, and covenants and agrees that the holder of any bonds of such series may convert the same into capital stock of the Company by surrendering said bond or bonds of such series, properly endorsed if registered, and with all unmatured coupons, if any, thereto appertaining, at the office or agency of the Company in the City of Chicago, State of Illinois, and at any such other office or agency of the Company as may be designated in said bond, and shall thereupon be entitled to receive in exchange therefor shares of such capital stock upon such terms as may be fixed by the Board of Directors of the Company in the resolution authorizing the bonds of such series; provided,

however, that as to such bond or bonds which may be called for redemption, the right of the holder thereof to convert the same into capital stock of the Company must be exercised at least fifteen (15) days prior to the date fixed in the call for such redemption of said bond or bonds.

The Company shall promptly notify the Trustee as and when bonds are surrendered at the office of the Company in exchange for shares of capital stock of the Company, as provided in this section.

SECTION 3. The holder of any bond or bonds of any series containing the right of conversion into other bonds shall have the right to convert the same into such other bonds of the Company to a like principal amount, to be issued hereunder, by surrendering said bond or bonds of such series, properly endorsed if registered, and with all unmatured coupons, if any, thereto appertaining, at such office or agency of the Company as may be designated in the bonds of such series, and shall thereupon be entitled to receive from the Company in exchange therefor such other bonds of the Company, to be issued hereunder, upon such terms as may be fixed by the Board of Directors of the Company in the resolution establishing the series containing such right of conversion; provided, however, that as to such convertible bond or bonds which may be called for redemption the right of the holder thereof to convert the same into other bonds of the Company as herein provided must be exercised at least fifteen (15) days prior to the date fixed in the call for such redemption of said bond or bonds containing such right of conversion.

SECTION 4. Upon any such conversion either into capital stock or other bonds, the Company forthwith shall deliver all such surrendered bonds to the Trustee for cancellation, and thereupon the Trustee shall cancel the same and the same shall be deemed to be and shall be satisfied and discharged, and, except as provided in Section 3 of this Article, no bond in place thereof shall be issued by the Company or be authenticated or delivered by the Trustee, but bonds may be issued under the provisions of Section 2 of Article II of this Mortgage on account of the satisfaction and discharge of bonds converted into capital stock of the Company under the provisions of this Article.

ARTICLE V.

REDEMPTION OF BONDS.

SECTION 1. The Company may provide in and by the resolution of its Board of Directors establishing any series of bonds to be issued hereunder, for the redemption of such bonds upon the terms stated in such resolution, and the bonds of such series shall contain appropriate references to their redeemability. All bonds issued hereunder containing a redemption privilege shall, if the privilege is exercised, be redeemed in accordance with the terms of redemption set forth in such resolution and in accordance with the provisions of this Article.

SECTION 2. Unless a different method is provided in such resolution, in case the Company shall desire to redeem less than all the bonds of any series outstanding on the date on which it desires to make redemption, the Company shall notify the Trustee in writing of the face amount of the bonds which it desires to redeem, specifying the day (which shall not be less than forty (40) days after such notification) on which it desires to make redemption. As soon as practicable thereafter the Trustee shall determine by lot the serial numbers of the bonds of such series to be redeemed and shall certify to the Company the serial numbers of the bonds so determined. The Company shall thereupon publish in one daily newspaper of general circulation published in the City of Chicago, State of Illinois, and in such a newspaper published in each other city, if any, where the bonds of such series are payable, once a week for four successive weeks, the first publication

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to be not less than thirty (30) days before such redemption date, notice of such intended redemption, specifying the date of redemption and the series and serial numbers of the bonds to be redeemed and requiring that the same be then surrendered at the office of the Trustee in the City of Chicago, State of Illinois, for redemption at the redemption price thereof stated in the bonds, and accrued interest. In any determination by lot under this section each registered bond without coupons shall be represented by a separate number for each \$1,000 of its principal amount. If less than the whole principal amount of any such registered bond shall be called for redemption, said notice shall also specifically state the portion of the principal amount thereof which is to be redeemed and that, upon the presentation of such registered bond for redemption there will be issued in lieu of the unredeemed portion of the principal amount thereof, a new registered bond or bonds of an aggregate principal amount equal to such unredeemed portion. A similar notice shall also be mailed by the Trustee to the respective owners of any registered bonds, or bonds registered as to principal, called for redemption, at least thirty (30) days prior to the redemption date, at their addresses appearing upon the registry books; provided, however, that the mailing of notice to such registered owners shall not be a condition precedent to redemption, and neither failure to mail such notice to such registered owners nor any imperfection or defect therein shall affect the validity of the proceedings for redemption. In case the Company shall desire to redeem all the bonds of any series outstanding on the date on which it desires to make redemption, it shall give notice thereof in like manner by publication and mail, except that the notice need not specify the serial numbers of the bonds to be redeemed.

SECTION 3. Notice of redemption having been given by publication and mailing as provided in Section 2 of this Article, and a sum in cash sufficient to redeem the bonds so called for redemption having been deposited with the Trustee on or before the redemption date, and an affidavit or affidavits of the publication of such notice, in form and substance satisfactory to the Trustee, having been lodged with it, the bonds so called, or the specified portions thereof, shall, on the date designated in such notice, become due and payable at said office of the Trustee at the redemption price stated in such bonds; and, upon the presentation and surrender thereof, with (in the case of coupon bonds) interest coupons maturing after the redemption date, and (in the case of registered bonds or of coupon bonds which shall at the time be registered as to principal) accompanied by duly executed assignments or transfer powers, such bonds, or the specified portions thereof, shall be paid and redeemed at their redemption price and accrued interest. Upon the surrender of a registered bond of which only a portion of the principal is to be redeemed, the Company, without charge therefor, shall issue, and the Trustee, anything herein to the contrary notwithstanding, shall authenticate and deliver, in lieu of the unredeemed portion of such principal amount, a new registered bond or bonds of an aggregate principal amount equal to such unredeemed portion. After the date so fixed for redemption, the bonds called for redemption, or the portions of the principal of any registered bonds so called, shall cease to bear further interest; but all interest coupons appertaining to coupon bonds which shall have matured prior to the redemption date shall continue to be payable to the respective holders thereof, but without interest thereon. All bonds redeemed pursuant to the provisions of this Article, shall forthwith be canceled by the Trustee and delivered to the Company upon its written request therefor.

ARTICLE VI.

CONCERNING PLEDGED SECURITIES.

SECTION 1. The Company may deliver to the Trustees and the Trustees may receive

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corporation, and all such bonds, certificates for shares of stock and other securities so received shall be held by the Trustee as a part of the mortgaged and pledged property. The Trustees shall be under no obligation to accept a certificate for any shares of stock or any bonds or other obligations of any corporation, or to cause or permit a transfer thereof to be made to them, if, in the opinion of the Trustee, such acceptance or transfer would involve it or them in, or render it or them liable to be subjected to, any liability or expense, unless the Trustees shall be indemnified to their satisfaction for so doing.

All certificates for shares shall at the time of the delivery thereof be duly endorsed for transfer. The Trustee, from time to time, may, but shall be under no obligation to, transfer into its name as Trustee, or into the name or names of its nominee or nominees, any or all such shares of stock pledged hereunder and may cause all or any securities held by it hereunder to be registered in its name or in the names of its nominee or nominees. The bonds or obligations which may be pledged or deposited under any provision of this Mortgage may be in temporary or definitive form and may be in such denomination or denominations as the Company may elect and if bonds, may be coupon bonds registered or unregistered as to principal or fully registered bonds without coupons. All coupon obligations which may be pledged or deposited with the Trustees under any provision of this Mortgage shall, except as hereinafter provided, have attached thereto at the time of such pledge or deposit, all unmatured interest coupons thereunto appertaining, and all registered obligations without coupons and all coupon obligations registered as to principal shall be duly endorsed by the registered holder thereof or by his attorney in fact thereunto duly authorized. If any unmatured coupon or coupons appertaining to any such coupon obligations shall be missing at the time of such pledge or deposit the Trustees may, nevertheless, accept such obligation without such coupon or coupons in case a sum of money equal to the face amount of the missing coupon or coupons shall be deposited with the Trustees hereunder.

SECTION 2. Unless in default hereunder to the knowledge of the Trustee the Company shall have the right, except as hereinafter limited, to vote any shares of stock pledged hereunder with the same force and effect as though such shares were not so pledged; and from time to time in case said shares of stock pledged hereunder shall have been transferred into the name of the Trustee or its nominee or nominees, the Trustee, upon the request of the Company, evidenced by a resolution of its Board of Directors, certified to by its Secretary or an Assistant Secretary, shall execute and deliver, or cause to be executed and delivered, to the Company proper proxies for voting said stock. The Company shall not, however, use or vote or permit to be used or voted, any stock pledged hereunder to authorize, approve or assent to the creation of any lien on any of the property or assets, or the issue of any additional mortgage bonds or other evidence of funded debt or shares of stock, of any Subsidiary, unless effective provision be simultaneously made that all such additional bonds, evidences of funded debt and shares of stock shall, when issued, forthwith be pledged hereunder.

The Company shall not use or vote or permit to be used or voted, any stock pledged hereunder for any purpose contrary to its covenants herein contained or otherwise inconsistent with the provisions or purposes of this Mortgage.

SECTION 3. Unless in default hereunder the Company shall be entitled to receive all interest, or cash dividends paid or declared out of earnings or surplus, in respect of any obligations or stock of a Subsidiary pledged hereunder, and from time to time, upon request of the Company, the Trustee shall forthwith deliver to it as they mature, the

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coupons for such interest, in order that the Company may receive payment thereof for its own use, and shall deliver to the Company, if necessary, suitable orders in favor of the Company or its nominee or nominees, for the payment of such interest and dividends, and the Company may collect such interest and dividends, and the Trustee shall at once pay over to the Company any such interest or dividends which may have been collected or received by it; provided, however, that:

(1) The Company shall not sell, assign or transfer any coupon or right to such interest or dividends delivered or assigned to it;

(2) It shall not collect any such coupons or interest by legal proceedings or by the enforcement of any security therefor without the prior written assent of the Trustee, nor in any manner which the Trustee shall deem prejudicial to the bonds issued hereunder;

(3) Until actually paid or discharged, every such coupon or right to interest or dividend shall in all respects remain subject to the lien of this Mortgage;

(4) If any such coupons so delivered to the Company shall not forthwith be paid or canceled, the Company shall return the same to the Trustee, subject to the right to have the same redelivered to the Company for payment or cancellation, and in case of payment or cancellation of any such coupon or claim for interest, the Company shall, upon demand, furnish to the Trustee satisfactory evidence thereof.

The Trustee shall be entitled to assume that any interest received by it on any bond or other security, or any dividend received on any share of stock, of a Subsidiary, is paid out of earnings or surplus derived from operation, unless it is notified in writing to the contrary by any bondholder, and in the absence of any such written notification it shall conclusively be presumed, as between the Trustee and the bondholders, that the Trustee in making any payments thereof to the Company acted in good faith.

SECTION 4. The Trustees shall be entitled to receive all moneys paid on account of the principal of any bonds or other securities of a Subsidiary held in pledge by them, and all stock dividends on any shares of stock so held in pledge, and all moneys at any time payable in respect of shares of stock, bonds or other securities of any Subsidiary so held in pledge, derived from any sale of the property of such Subsidiary on foreclosure, or on dissolution or liquidation thereof, or upon any proceeding in condemnation, or from any other source. The shares of stock and all moneys so received shall be held by the Trustee, in trust, as additional security for the payment of the principal and interest of the bonds issued under this Mortgage, and such moneys shall be disposed of by the Trustee under the provisions of Article IX hereof.

SECTION 5. Unless the Company shall be in default hereunder to the knowledge of the Trustee, the Trustee, upon the written request of the Company, shall consent to the extension or renewal at the same or a higher rate of interest of any securities which may then be held by the Trustee in pledge hereunder, and shall consent to the extension or renewal of any mortgages or liens securing such securities, and shall consent to the exchange of bonds of any series of any Subsidiary secured by its first mortgage for a like aggregate principal amount of bonds of any other series of such Subsidiary bearing the same or a higher rate of interest and secured by such first mortgage or by a new first mortgage thereafter to be given by such Subsidiary in place of such existing first mortgage, provided that such new first mortgage, in the opinion of counsel, shall be substantially like such existing first mortgage except that the aggregate principal amount of bonds that is authorized to be at any time outstanding under such new first mortgage may be more or less than the aggregate principal amount of bonds that is authorized to be at any time

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hereunder, the Trustee may give any such consent without the request of the Company; and, in any case, the Trustee, in so far as it legally may, shall do and perform all acts and things which may be requisite and necessary to give effect to any such extensions, renewals or exchanges so consented to, including the delivery and exchange of pledged securities or the presentation of the same for appropriate endorsement; and the Trustee, upon the written request of the Company, may consent to the exercise by the Company of any other right, power or remedy, with respect to such securities, to which the Company may be entitled as owner thereof, including the cancellation of any securities, or shares of the stock of a Subsidiary which has conveyed its property to the Company and subjected it to the lien hereof to the same extent that this Mortgage was a lien upon the securities and/or shares of stock so canceled; provided that the exercise of such right, power or remedy, as requested by the Company, shall not, in the opinion of counsel satisfactory to the Trustee, be prejudicial to the bonds hereby secured; and the Company covenants that in exercising any such right, power or remedy, if permitted so to do by the Trustee, it will not in any way act prejudicially to the interests or rights of the Trustees or the holders of said bonds.

SECTION 6. The Company, during the continuance of the pledge hereunder of the stock of any Subsidiary, in so far as it legally may by virtue of such stock ownership, will maintain or cause to be maintained the due corporate organization of such Subsidiary, except in the case of the consolidation, merger or conveyance by such Subsidiary of all its property in the manner herein provided, and if the corporate existence of any such Subsidiary shall expire during the continuance of any such pledge, it will take or cause to be taken all such steps as may be necessary or permitted, in so far as it legally may, to secure the extension of such corporate existence beyond the time when the principal of any bonds hereby secured becomes due according to the terms thereof, and it will, during the continuance of any such pledge, duly and punctually pay, or cause to be duly and punctually paid, all taxes, water rates, assessments and governmental or other charges lawfully imposed upon the property, franchises, earnings or business of any such Subsidiary; provided, however, that nothing contained in this section shall require the payment of any such tax, assessment or charge so long as the validity or enforceability thereof shall be contested in good faith and so long as such delay in payment shall not subject the property of such Subsidiary, or any part thereof, to forfeiture or sale.

The Company, during the continuance of the pledge hereunder of the stock of any Subsidiary, will not permit any default to occur as to any of the securities of such Subsidiary, or in the terms, covenants or conditions of any instrument securing the same, or constituting a lien upon the property of such Subsidiary, and will acquire and pledge hereunder or punctually pay and discharge, or cause to be punctually paid and discharged, as the same shall become due, all the lawful indebtedness of, and all claims, demands, liens or charges, including those of mechanics and laborers, on the property of any such Subsidiary, not pledged hereunder, which might impair the value of the pledged stock of such Subsidiary; provided, however, that nothing contained in this section shall require the payment of any such indebtedness, claims or demands so long as the validity or enforceability thereof shall be contested in good faith, or shall prevent the extension or renewal of any securities of a Subsidiary, under the provisions of Section 5 of this Article.

The Company will cause every Subsidiary to insure against loss or damage by fire, either by means of policies issued by reputable insurance companies or, at the Company's election, by means of an adequate insurance fund set aside and maintained by such Subsidiary out of its own earnings or in conjunction with other companies through an insurance trust

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or other agreement, all of its property of a character usually insured by companies similarly situated, and to such amount as such property is usually insured, the loss, if any to be made payable to the trustees of the mortgages upon the property of such Subsidiary as their interest may appear; and to apply the proceeds of any insurance upon any part of its property in accordance with the requirements of such mortgages or otherwise for the benefit of such Subsidiary in such manner that the security afforded by this Mortgage shall not suffer thereby.

The Company will cause every Subsidiary at alltimes to maintain, preserve and keep its plants and properties in thorough repair, working order and condition and equipped with suitable equipment and appliances, and from time to time to make all needful and proper repairs, renewals and replacements thereof, and to maintain, preserve and renew all the rights, powers, privileges and franchises owned by such Subsidiary; provided, however, that nothing herein contained shall be construed to prevent any Subsidiary from ceasing to operate any of its plants or other properties if in the judgment of such Subsidiary it is advisable not to operate the same for the time being, or if such Subsidiary intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effectuate such sale; nor in any such event to prevent such Subsidiary from taking such action with respect to its plants or other properties as is proper and customary under the circumstances.

SECTION 7. The Company will not permit any Subsidiary to sell, lease or otherwise dispose of its property and franchises, or any part thereof, except as provided in Article VIII hereof, or except in the ordinary course of business, or except to the Company or to some other Subsidiary.

Nothing in this Mortgage contained shall be deemed or construed to prevent the liquidation or dissolution of any Subsidiary, and upon any such liquidation or dissolution all cash distributable in respect of the shares of stock, bonds or other securities of such Subsidiary then held hereunder by the Trustee shall be received by the Trustee and paid out, from time to time, in the manner provided in Article IX hereof, and all securities and other property so distributable shall be received by the Trustees and held and disposed of by the Trustee hereunder as mortgaged property; provided, however, that if such securities and other property shall consist in whole or in part of shares of stock of the company, such shares shall not be deposited with the Trustees. Upon receipt of such cash, securities and other property the Trustee shall surrender to the Company all shares of the capital stock of the Subsidiary so liquidated or dissolved which are then pledged hereunder.

SECTION 8. The assignment or pledge hereunder of any shares of capital stock of any Subsidiary shall not prevent (a) the consolidation or merger of any such Subsidiary with or into any other Subsidiary or with or into the Company, nor (b) the sale or lease of all or any part of the property and franchises of any such Subsidiary to any other Subsidiary or to the Company; provided that the relative interest and control represented by the stock and securities pledged hereunder shall not be diminished by any such merger, consolidation, sale, purchase or lease and that the rights of the holders of bonds issued hereunder shall not thereby be prejudiced, and provided further, that the provisions of Section 10 of this Article shall be complied with. In the event that any such consolidation, merger, lease or purchase shall take place, all shares of the capital stock and all securities issued on the completion of such transaction in exchange or substitution for shares of capital stock or securities pledged hereunder shall be deposited hereunder with the Trustees and become subject to the lien of this Mortgage as if expressly pledged hereunder,

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Company, all shares of the capital stock of the corporation resulting from such consolidation or merger which are issued in exchange for the capital stock or other securities of the Subsidiary, or (b) in the event of the purchase of the entire property of any Subsidiary by the Company, all shares of the capital stock of the Company issued to the Subsidiary as the consideration for such purchase, shall in either event, not be deposited with the Trustees hereunder nor be subject to the lien of this Mortgage, and after any such consolidation, merger or sale all shares of the capital stock of such Subsidiary pledged hereunder with the Trustees shall be surrendered by the Trustee to the Company and shall thereafter be discharged from the lien of this Mortgage. In the event of the purchase of the entire property of any Subsidiary by the Company the Company shall execute and deliver to the Trustees a supplemental indenture, in form satisfactory to counsel, subjecting to the lien of this Mortgage all the permanent property and extensions acquired from such Subsidiary.

SECTION 9. If at any time, unless the Company shall be in default hereunder to the knowledge of the Trustee, there shall be promulgated any plan for the reorganization of any Subsidiary or for the readjustment of the finances thereof, then, at the written request of the Company, the Trustee may in its discretion deposit the certificates for the shares of stock or securities of such Subsidiary, or any of them, under said plan and may become a party thereto; and in like manner, on like request, may make any exchange, substitution, cancellation or surrender of securities and shares of stock required by any such reorganization or readjustment plan or for the purposes or for the accomplishment of any merger, consolidation or sale authorized by this Mortgage; and may take such action with respect to said shares of stock and securities so pledged hereunder, required by such plan of reorganization or readjustment, or for the accomplishment of such merger, consolidation or sale, as fully and to all intents and purposes as though it were the owner of said shares of stock and securities; provided, however, that the relative interest and control represented by the shares of stock and securities so deposited shall not be diminished by such readjustment, reorganization, merger or consolidation, except with relation to the rights of parties (other than the Company or any Subsidiary) who may have assisted in financing the reorganization on condition that they be given rights prior to those of the former parties in interest, and provided further, that the provisions of Section 10 of this Article shall be complied with.

While and so long as the Company shall be in default hereunder, to the knowledge of the Trustee, the Trustee may exercise such powers by this section granted to it, in its discretion, with respect to the shares of capital stock and securities pledged hereunder and charged with the lien hereof, without any such request from the Company.

SECTION 10. The Trustee shall not consent to any sale, lease, merger, consolidation or plan for reorganization of the kind mentioned in Sections 8 and 9 of this Article, until it shall have received an opinion of counsel that any such sale, lease, merger, consolidation or reorganization proposed can be lawfully carried out in the manner proposed, and that the legal effect thereof will be to leave in the Trustees an interest and control over the property, securities, shares of stock or companies involved in such transaction at least equal to that which they had before the occurrence of such transaction, except, in the case of any such reorganization, with relation to the rights of parties (other than the Company or any Subsidiary) who may have assisted in financing the reorganization on condition that they be given rights prior to those of the former parties in interest. Before the Trustees shall accept any shares of stock or securities in exchange or substitution for shares of stock or securities held by them before the occurrence of any such

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transaction, the Trustee shall receive the further opinion of such counsel that he has examined all of the proceedings connected with such transaction, and that in his opinion said shares of stock or securities offered in exchange or substitution have been validly issued and that the title of the Trustees thereto upon acceptance thereof will be at least as good as their title to the shares of stock or securities which they are called upon to surrender.

The Company covenants, forthwith on the demand of the Trustee, to pay or satisfactorily to provide payment for all expenses incurred by the Trustee under any of the provisions of this section. The Trustee, in its discretion, may advance all such expenses or other moneys required, or may procure such advancement to be made by others, and for such advances made by the Trustee, at its option, it shall have a lien in priority to the bonds hereby secured on such stocks and securities and the proceeds thereof.

SECTION 11. In case, at any time, default shall be made in respect of any of the covenants or conditions contained in any mortgage or other instrument securing or providing for the issue of any bonds or other securities which may at the time be pledged hereunder, or in case a receiver shall be appointed and be in possession of the property covered by any such mortgage or other instrument, the Trustee may, and, upon the written request of the holders of at least twenty-five per centum (25%) in aggregate principal amount of the bonds then outstanding hereunder (other than bonds in the treasury of the Company), shall notify the trustee under the mortgage or other instrument in respect of which such default shall have been made, of the existence of such default, and in case said default shall continue for the period, if any, specified in such mortgage or other instrument, the Trustee may, and upon the written request of the holders of at least twenty-five per centum (25%) in aggregate principal amount of the bonds then outstanding hereunder (other than bonds in the treasury of the Company), shall request the trustee under such mortgage or other instrument, to take such action thereunder, in pursuance of the terms thereof, as the Trustee hereunder, in its discretion, may deem advisable, in the interest of the holders of the bonds outstanding hereunder. The Trustee may also and, upon like request of the holders of outstanding bonds, shall demand payment of mortgage bonds payable upon demand then pledged hereunder, which shall be secured by any mortgage in respect of which default shall have been made or which shall be a lien on any property then in the possession of a receiver or on any property then subject to any mortgage or other instrument in respect to which any default shall have been made. No request in respect of any such mortgage or other instrument, however, need be made by the Trustee hereunder, unless the holders of bonds outstanding hereunder shall furnish to the trustee under the mortgage or other instrument in respect of which such default shall have been made the security, if any, required to be furnished by the terms thereof. In case of any such default, the Trustee, in an appropriate case and subject to the terms and conditions contained in the mortgage or other instrument in respect of which such default shall have been made, may, and upon the written request of the holders of at least twenty-five per centum (25%) in aggregate principal amount of the bonds then outstanding hereunder (other than bonds in the treasury of the Company), shall waive any such default and its consequences, or rescind any demand for the payment of the principal of any demand mortgage bond; provided that the Company shall not at the time be in default hereunder, to the knowledge of the Trustee.

The Trustee may make any demand or request or give any waiver pursuant to the provisions of this section, with like effect, for all intents and purposes, as if it were the absolute owner of the bonds or securities in respect of which default shall have been made; and the Company hereby constitutes and appoints the Trustee its true and lawful

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attorney, irrevocable, upon any default of the character described in this section, to make any such demand or request and to give any notice, consent, assent, waiver or direction pursuant to any of the terms of the mortgage or other instrument in respect of which such default shall have been made; provided, that no such demand, request, notice, consent, assent, waiver or direction need be made or given by the Trustee, except subject to the terms and conditions contained in this section.

The Trustees shall be entitled to receive any moneys which may become payable on account of the principal of any bonds or other securities pledged hereunder in respect of which default shall have been made; and any moneys so received by the Trustees shall be held by the Trustee, in trust, subject to the terms and conditions of this Mortgage, and shall be paid out, from time to time, in the manner provided in Article IX hereof, for the payment of the proceeds of sale of released property; and all the provisions of the said Article IX, so far as applicable in the judgment of the Trustee, shall apply to the payment of moneys received by the Trustees in pursuance of the provisions of this section.

SECTION 12. The Trustee may do whatever may be necessary for the purpose of maintaining, preserving, renewing or extending the corporate existence of any Subsidiary, and for such purpose may from time to time, sell, assign, transfer and deliver so many shares of the stock of any such Subsidiary as may be necessary to qualify persons to act as directors thereof or in any other official relation to such Subsidiary. The Trustee may likewise, in its discretion, protect the properties of any Subsidiary by instituting or joining in judicial proceedings, by the purchase at judicial sale of the property of such Subsidiary, by joining in any reorganization of such property or of such Subsidiary, or in any other manner that the Trustee may deem expedient. Whenever the Company, while not in default hereunder to the knowledge of the Trustee, shall in writing so request, which request shall be signed by the President or a Vice President of the Company and its Treasurer or an Assistant Treasurer and shall state that the Company has no shares of stock available for that purpose under its control other than shares pledged under this Mortgage, the Trustee shall transfer or cause to be transferred to persons designated by the Company, a sufficient number of shares then held by the Trustee hereunder, to qualify such persons to act as directors or in any other official relation to any corporation whose stock is pledged hereunder; provided, that, in every such case, the Trustee shall make such arrangements as it shall deem proper or necessary for the protection of the trusts hereby created in respect of the shares of stock so transferred.

SECTION 13. Any new securities or shares of stock issued under any provision of this Article in exchange for securities or shares of stock subject to the lien hereof, shall be delivered to and held in pledge by the Trustees hereunder, except as in Sections 8 and 9 of this Article otherwise provided.

SECTION 14. So long as the Company shall not to the knowledge of the Trustee be in default with respect to any of the covenants, obligations or agreements of this Mortgage or of the bonds issued or to be issued hereunder, the Company may, by a vote or resolution of its Board of Directors duly passed or adopted, elect, as the owner of the capital stock or any part thereof of any corporation whose capital stock is or may become subject to the lien of this Mortgage, to vote for the increase or reduction of the capital stock of any such corporation; provided, that in case such capital stock be increased the pro rata share of such increased stock to which the Company shall be entitled, shall be acquired by the Company and delivered to the Trustees and pledged under this Mortgage, and provided, also, that, in case of the reduction of such capital stock, the pro rata share

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of such capital stock as reduced to which the Company shall be entitled shall remain or become subject to the lien of this Mortgage, and any sum or sums of money or other thing of value to which the Company may be entitled upon any distribution of assets of such corporation, by reason of such reduction of capital stock, shall be deposited with the Trustees and shall be held by the Trustee subject to the lien of this Mortgage, or shall be paid over by it to the Company on its demand, either in like manner and for like purposes as is provided in Section 5 of Article II hereof in respect of deposited cash or as provided in Article IX hereof.

ARTICLE VII.

MAINTENANCE AND DEPRECIATION RESERVE FUND.

SECTION 1. Beginning with the calendar year 1927, which for the purposes of this Article shall include also the months of November and December, 1926, the Company will in each calendar year set aside as a fund for maintenance and/or depreciation (hereinafter referred to as the "Fund") a sum at least equal to twelve and one-half per centum of its gross operating earnings for such year, for the purpose of making repairs to and for maintenance of its permanent properties.

The terms "maintenance" and "depreciation" as used in this Article include renewals and replacements of permanent property which shall have become worn out or obsolete.

Gross operating earnings of the Company for the purposes of this Article shall consist of the total gross earnings and receipts from the operation of its properties after deducting

- (a) the purchase price or cost to the Company of telephone service rendered over lines owned by others; and
- (b) the purchase price or cost to the Company of electric current or gas made or generated by others,

and shall not include earnings derived from the sale of merchandise or supplies, or income from interest and/or dividends.

The determination by the certified public accountants provided for in Section 14 of Article III of the amount of the gross operating earnings of the Company and of the proper distribution of charges to maintenance and/or depreciation shall be conclusive upon the Company.

All expenditures made by the Company during any calendar year properly chargeable to maintenance and/or depreciation of its permanent properties shall be charged on its books to maintenance and/or depreciation, and the aggregate amounts so charged for such year shall be treated as a credit to the Fund. In the event that for any calendar year the amount herein required to be set aside for the Fund shall exceed the credits thereto as above provided, the Company may at its option treat as an additional credit to the Fund for such calendar year any amounts (not exceeding the amount of such excess) expended by the Company for maintenance and/or depreciation during any previous year or years (not prior to the calendar year 1927) in excess of the amount required to be set aside for the Fund during such previous year or years.

Any debit balance of the Fund at the end of any calendar year after deducting from the amount required hereunder to be set aside therefor for such year the full amount of the credits for such year as above permitted, may be applied by the Company to reimburse itself for expenditures for any extensions and/or purchased property constructed or acquired by it and not theretofore made the basis for the authentication of bonds hereunder or the withdrawal of moneys deposited hereunder, provided, however, that in case at any

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time after the Company shall have applied any such debit balance to provide or reimburse itself for expenditures for extensions and/or purchased property, its expenditures for maintenance and depreciation for any year shall exceed the amount required to be set aside for the Fund for each year, then to an amount not greater than the extent of such excess the expenditures for extensions and/or purchased property made the basis of application of such debit balance for such previous year may thereafter be treated by the Company as expenditures for extensions and/or purchased property for all purposes of this Mortgage.

SECTION 2. The Company covenants that each Subsidiary will in each calendar year, beginning with the calendar year 1927, set aside as a Fund for maintenance and/or depreciation a sum at least equal to twelve and one-half per centum of the gross operating earnings of such Subsidiary for such year, for the purpose of making repairs to and for maintenance of the permanent properties of such Subsidiary.

The provisions of the first five paragraphs of Section 1 of this Article shall apply to the Fund of such Subsidiary, such Subsidiary to be therein substituted for the Company.

Any debit balance of the Fund of such Subsidiary at the end of any calendar year after deducting from the amount required hereunder to be set aside therefor for such year the full amount of the credits for such year as herein provided, may be applied by such Subsidiary to reimburse itself for expenditures for extensions and/or purchased property constructed or acquired by such Subsidiary and not theretofore made the basis for the authentication of bonds hereunder or the withdrawal of moneys deposited hereunder, provided, however, that in case at any time after such Subsidiary shall have applied any such debit balance to provide or reimburse itself for expenditures for extensions or purchased property, the expenditures of such Subsidiary for maintenance and depreciation for any calendar year shall exceed the amount required hereunder to be set aside for the Fund for such year, then to an amount not greater than such excess the expenditures for extensions and/or purchased property of such Subsidiary made the basis of application of such debit balance for such previous year may thereafter be treated by the Company as expenditures for extensions and/or purchased property of such Subsidiary for all purposes of this Mortgage.

ARTICLE VIII.

POSSESSION, USE AND RELEASE OF MORTGAGED PROPERTY (OTHER THAN PLEDGED SECURITIES OF SUBSIDIARIES).

SECTION 1. So long as the Company shall not be in default hereunder to the knowledge of the Trustee, it shall be suffered and permitted by the Trustees to remain in full possession, enjoyment and control of all the properties, rights, privileges and franchises hereby mortgaged (other than cash and securities deposited or pledged hereunder) and shall be permitted to manage and operate the same, subject always to the observance of the covenants in this Mortgage with respect thereto, and to receive, receipt for, take, use, enjoy and dispose of all rents, tolls, earnings, surplus, profits, revenues and income thereof in the same manner and with the same effect as if this Mortgage had not been made.

The Company may at all times and from time to time so long as it shall not be in default hereunder to the knowledge of the Trustee sell or otherwise dispose of free from the lien of this Mortgage and without any release by the Trustees, any machinery, equipment, tools or implements upon replacing the same with new machinery, equipment, tools or implements (in such manner as to come under the lien hereof) of a value at least equal to the value of those so disposed of. Any Subsidiary may also sell or otherwise dispose

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of any machinery, equipment, tools or implements upon replacing the same with new machinery, equipment, tools or implements (in such manner as to come under the lien of the mortgage securing the obligations of such Subsidiary pledged hereunder with the Trustees) of a value at least equal to the value of those disposed of.

SECTION 2. The Company or any Subsidiary may sell or otherwise dispose of at any time any other property covered directly or indirectly hereby (other than securities of a Subsidiary pledged hereunder with the Trustee), and the Trustees shall release from the lien hereof any such property then subject to such lien, and shall consent in writing to the sale or disposal by any Subsidiary of any such other property, upon receipt by the Trustees of the following:

1. A copy of a resolution of the Board of Directors of the Company, requesting such release or consent;

2. A certificate signed by the President or a Vice President of the Company and by an engineer, satisfactory to the Trustee, who may be an engineer of the Company, stating in substance as follows:

(a) That the retention of such property is no longer desirable in the conduct of the business of the Company (or of any such Subsidiary, in regard to its property), or that other property to be acquired, in the case of exchange, is not less suited to the needs of the business of the Company (or of such Subsidiary) than that to be released, and that the security hereby afforded will not be impaired by such release or consent; and

(b) That the Company (or a Subsidiary where its property is concerned) has sold or exchanged, or contracted to sell or exchange, the property so to be released for a consideration representing, in the opinion of the signers, its full value to such company, which consideration may be cash, purchase money obligations secured by first mortgage upon the released property, and/or other property, to be described in reasonable detail in such certificate, of the character which might be made the basis for the authentication of bonds under the provisions of Section 3 or Section 4 of Article II of this Mortgage.

3. Any cash, purchase money obligations and/or other property stated in said certificate to have been received in consideration for any such sale or exchange, or the certificate of the trustee under any mortgage constituting a prior lien upon the property released (or the certificate of the trustee of the mortgage of a Subsidiary in case its property is to be released), stating that it has received such cash, purchase money obligations and/or other property; and if real estate or other property is included in the consideration for such sale or exchange, deeds or other instruments of conveyance, assignment or transfer sufficient, in the opinion of counsel, to subject the same to the lien of *this Mortgage (or to subject the same to the lien of* the first mortgage of a Subsidiary, where its property is concerned), subject only to current taxes, or an opinion of counsel to the effect that no instrument of conveyance, assignment or transfer is necessary to vest in the Company (or in the Subsidiary, where its property is concerned) the consideration received for such sale or exchange or to subject the same to the lien of this Mortgage (or the first mortgage of the Subsidiary where its property is concerned) in the manner stated;

4. An opinion of counsel to the effect that any deeds or other instruments of conveyance, assignment or transfer covering any property included in the consideration for such sale or exchange, are sufficient to subject the same to the lien of this Mortgage (or

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of priority which it possessed as a lien on the property to be released, and that any purchase money obligations included in such consideration and the mortgage securing the same are valid instruments and that such mortgage is a first mortgage upon the property released subject only to current taxes.

If upon the release of any property from the lien of this Mortgage the cash, purchase money obligations and/or other property stated in said certificate to have been received in consideration for any such release shall have been paid and/or delivered to the trustee under any mortgage constituting a lien upon the property released prior to the lien of this Mortgage, and such cash, purchase money obligations and/or other property shall be more than sufficient to pay the entire indebtedness secured by such prior lien mortgage, any excess of such cash, purchase money obligations and/or other property remaining in the possession of such trustee after the payment of all such mortgage indebtedness shall be paid and/or delivered by such trustee to the Trustees hereunder, to be held and disposed of by them under the provisions of this Mortgage as a part of the mortgaged and pledged property.

The resolutions, certificates, instruments and opinions in this Article and Article X hereof provided for, shall be full warrant and authority to the Trustees for making any release under the provisions of this Article or said Article X; but before making any such release the Trustee may, in its discretion, and shall, if requested in writing so to do by the holders of not less than ten per cent in principal amount of the outstanding bonds and if furnished with security and indemnity satisfactory to it, cause to be made such independent investigation as it may see fit, and, in that event, may decline to take action unless satisfied by such investigation of the truth and accuracy of the statements regarding the matters so investigated. The expense of any such investigation shall be paid by the Company, or if paid by the Trustee, shall be repaid by the Company upon demand, with interest after demand at the rate of six per cent per annum.

Any new property acquired by the Company by exchange or purchase, to take the place of any property released hereunder, shall forthwith and without further conveyance become subject to the lien of and be covered by this Mortgage; but if requested by the Trustee the Company shall convey the same to the Trustees by proper deeds upon the trusts and for the purposes of this Mortgage.

SECTION 3. If any property is taken by condemnation proceedings, the Trustees may accept any award made therein, if approved by the Company as representing its full value, and, if such award is accepted by the Trustees, they shall, if requested by the Company by resolution of its Board of Directors, execute and deliver a release of the property so taken upon receipt by the Trustee of the consideration therefor, unless some other disposition thereof is required under some prior mortgage. In any such proceedings the Trustees may be represented by counsel, who may be of counsel to the Company.

SECTION 4. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Trustees to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser of machinery or equipment be under obligation to ascertain or inquire into the occurrence of the event on which any such sale is hereby authorized.

SECTION 5. In case the mortgaged property shall be in the possession of a receiver, the powers conferred upon the Company with respect to the sale or other disposition of property covered hereby may be exercised by such receiver; and if the Trustees shall be in possession of the mortgaged property under any provision of this Mortgage, then such powers may be exercised by the Trustees in their discretion.

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ARTICLE IX.

APPLICATION OF MONEY RECEIVED BY THE TRUSTEES.

SECTION 1. All moneys received by the Trustees as proceeds of the sale or other disposition of released property or as proceeds of property taken by condemnation or as insurance money, and all moneys received by the Trustees upon the release of securities of a Subsidiary under the provisions of Article X hereof and not withdrawn under the provisions of said Article X, and all other moneys received by the Trustees, which under any other provision of this Mortgage are required to be paid out and disposed of under the provisions of this Article, shall be paid over from time to time by the Trustee to the Company to reimburse the Company to the extent of 100 per cent for expenditures made by the Company or any Subsidiary at any time after July 31, 1926, and whether prior or subsequent to the receipt of such money by the Trustees, (1) for extensions or purchased property (as defined in Section 3 of Article II hereof) of the Company and/or its Subsidiaries such as might have been made the basis of an application for additional bonds under any of the provisions of this Mortgage, or (2) for the replacement of property destroyed by fire (to the extent that insurance moneys arising from such loss are in the hands of the Trustee); provided that moneys shall not at any time be withdrawn under the provisions of this Article on account of expenditures for extensions or purchased property made or acquired by a Subsidiary in excess of the amount of moneys then held by the Trustee subject to the provisions of this Article and received from any sale or other disposition or the condemnation of the properties of the Subsidiaries or on account of any loss sustained to any such properties or received upon the release of bonds and stock of Subsidiaries pursuant to the provisions of Article X hereof.

SECTION 2. Such payments shall be made by the Trustee only upon receipt by it of:

(1) A request in writing signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer of the Company for the payment of the amount of money stated therein; and

(2) A certificate signed by the President or a Vice President and the Treasurer or an Assistant Treasurer of the Company stating:

(a) That the Company and/or a Subsidiary after July 31, 1926, has made extensions or has acquired purchased property, as defined in Section 3 of Article II of this Mortgage, describing the same with reasonable detail and stating separately the expenditures therefor made by the Company or such Subsidiary, and showing that the expenditures therefor were usable for but not used as a basis for the authentication of bonds under this Mortgage, or has made certain replacements of property destroyed by fire (describing the same with reasonable detail), and that the amount requested to be paid to the Company, if on account of property acquired by a Subsidiary, does not exceed the amount then held by the Trustee subject to the provisions of this Article and received from any sale or other disposition or the condemnation of the properties of the Subsidiaries or on account of any loss sustained to any such properties or received upon the release of bonds and stock, or stock only, of Subsidiaries pursuant to the provisions of Article X hereof;

(b) That the Company and/or the Subsidiary has made expenditures for such property in the amount specified in the certificate and said certificate shall further distinctly specify whether any of such expenditures, and if so what portion, were expended to replace property destroyed by fire;

(c) That no part of any such expenditures has previously been used as a basis for the withdrawal of any moneys under any provision of this Mortgage or has been made

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out of insurance moneys or out of the proceeds of the sale or condemnation of any property of the Company or of the Subsidiary or has been credited to the Maintenance and Depreciation Reserve Fund under the provisions of Article VII hereof except to the extent therein permitted; and

(d) That the Company is not, to the knowledge of the officer signing the certificate, in default in any of the terms, covenants or conditions of this Mortgage.

(3) An opinion of counsel to the effect that such extensions and/or property (including any of such replacements), if acquired by the Company, were not encumbered by any mortgage lien at the time of their acquisition by the Company other than the lien of this Mortgage, and are subject to the lien of this Mortgage, and that such extensions and/or property (including any such replacements), if acquired by a Subsidiary, were not encumbered by any mortgage lien at the time of their acquisition by such Subsidiary except the mortgage of such Subsidiary securing the bonds of such Subsidiary pledged hereunder with the Trustee, and are subject to the lien of such mortgage.

SECTION 3. The request, certificate and opinion hereinbefore in this Article provided for, shall be full warrant and authority to the Trustee for the payment of any moneys as requested therein; but before making any such payment the Trustee may, in its discretion, cause to be made such independent investigation as it may see fit, and may decline to take action unless satisfied by such investigation of the truth and accuracy of the matters so investigated. The expense of any such investigation shall be paid by the Company, or, if paid by the Trustee, shall be repaid by the Company upon demand, with interest after demand at the rate of six per centum per annum.

SECTION 4. Any such moneys in the hands of the Trustee, and not theretofore paid over or requested to be paid over to reimburse the Company as aforesaid shall, in accordance with a request in writing signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer of the Company, be applied by the Trustee to the redemption of bonds of any series (if they be then redeemable) issued and outstanding hereunder, or to the purchase of such bonds at not exceeding their redemption price if they be then redeemable, or, if they be not then redeemable, at not exceeding the price at which they are next thereafter redeemable, or, if they are never redeemable, at not exceeding 107 $\frac{1}{2}$ and accrued interest; and any bonds so redeemed or purchased shall be canceled and no other bonds shall be issued under the provisions of this Mortgage by reason of such cancellation.

ARTICLE X.

RELEASE OF PLEDGED SECURITIES AND APPLICATION OF PROCEEDS THEREOF.

SECTION 1. No shares of stock of any Subsidiary shall be released from the lien and operation of this Mortgage, and the Company will not permit any Subsidiary to sell or otherwise dispose of all or any part of its permanent property or extensions (except to the Company or to another Subsidiary) before November 1, 1927, the date on or before which first mortgage bonds of Subsidiaries must be pledged hereunder as provided in subdivision (1) of Section 15 of Article III hereof, or on or before any extended date provided for in said subdivision (1), as the case may be, except that all shares of stock of any Subsidiary may be released by the Trustees from the lien of this Mortgage prior to said date and the certificates therefor shall be surrendered by the Trustee to the Company upon receipt by the Trustees of the following:

(a) A certificate signed by the President or a Vice President and the Treasurer or an Assistant Treasurer of the Company, stating that substantially all the property of such Subsidiary has been conveyed, assigned and transferred to the Company or to another

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Subsidiary authorized to acquire and operate the same and stating the name of such other Subsidiary and its authorized and outstanding capital stock;

(b) In case of such conveyance, assignment and transfer to the Company, an opinion of counsel satisfactory to the Bankers stating that the property so conveyed, assigned and transferred has become subject to the lien of this Mortgage as a direct first mortgage upon such property;

(c) In case of such conveyance, assignment and transfer to another Subsidiary, an opinion of counsel satisfactory to the Bankers stating that such other Subsidiary is lawfully organized and is authorized to acquire and operate the property so acquired and has lawfully acquired and owns substantially all such property, and that the authorized and outstanding capital stock of such other Subsidiary are as set forth in the certificate mentioned in subparagraph (a) supra; and

(d) Certificates for all the shares of outstanding capital stock (except directors' qualifying shares) of such other Subsidiary, duly endorsed in blank for transfer.

SECTION 2. Subject to the conditions of Section 1 of this Article, in case substantially all the property of any Subsidiary shall have been taken by condemnation, or shall have been sold to any municipality or other governmental agency, pursuant to law, then and in any such case, unless an event of default as defined in Article XI hereof shall have happened, the Trustees shall release from the lien of this Mortgage and shall surrender to the Company all the stock and bonds of such Subsidiary then pledged hereunder (or all the stock, if stock only of such Subsidiary is pledged hereunder) upon receipt of the following:

(a) A copy of a resolution of the Board of Directors of the Company requesting such release and setting forth the facts with reference to the proposed release and the reasons therefor and the amount of condemnation money paid or to be paid, in case the property of such Subsidiary is taken by condemnation, or the purchase price to be paid, in case such property is purchased by a municipality or other governmental agency;

(b) An amount of cash at least equal to the amount of such condemnation money or such purchase price, as the case may be; or

(c) First mortgage bonds of another Subsidiary of an aggregate principal amount at least equal to the amount of such condemnation money or such purchase price, as the case may be; and

(d) An opinion of counsel to the effect that the release of the securities of such Subsidiary is in accordance with the intent and provisions of this Mortgage and that the new bonds, if any, proposed to be delivered to the Trustees upon such release are bonds that could properly be used in connection with the issuance of additional bonds under the provisions of Section 4 of Article II of this Mortgage.

SECTION 3. Subject to the provisions of Section 1 of this Article, in case the Company shall sell or exchange or shall contract to sell or exchange all the stock and bonds of a Subsidiary then pledged hereunder (or all the stock, if stock only of such Subsidiary is pledged hereunder), then and in any such case, unless an event of default as defined in Article XI hereof shall have happened, the Trustees shall release from the lien of this Mortgage and shall surrender to the Company all the stock and bonds of such Subsidiary (or all the stock, if stock only of such Subsidiary is pledged hereunder) upon receipt of the following:

(a) A copy of a resolution of the Board of Directors of the Company requesting such release and setting forth in detail the facts with reference to the proposed sale or exchange of securities of such Subsidiary and the reasons therefor, and setting forth

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that in the judgment of the Board of Directors such sale or exchange will be advantageous to the Company and that the release of the securities of such Subsidiary will not impair the security hereby afforded;

(b) A certificate signed by the President or a Vice President and the Treasurer or an Assistant Treasurer of the Company setting forth a full and detailed statement of the proposed sale or exchange and the consideration to be received by the Company for the securities of such Subsidiary to be released and a statement of the aggregate net earnings of the Company and of its Subsidiaries and of the interest charges of the Company, all as hereinafter provided, and a further statement that the transaction is in their judgment for the benefit and to the advantage of the Company and will not impair the security hereby afforded by changing the ratio of aggregate net earnings to interest charges, and that the bonds, if any, of another Subsidiary pledged hereunder in exchange or substitution for the bonds and stock, or the stock only, as the case may be, requested to be surrendered, are bonds that could properly be, but have not been and will not be, used in connection with the issuance of additional bonds under the provisions of Section 4 of Article II of this Mortgage, together with a statement of all other facts made by the terms of this Article a condition to the taking by the Trustees of the action requested by said resolution;

(c) An opinion of counsel to the effect that the action so requested to be taken by the Trustees is in accordance with the intent and provisions of this Mortgage and that in the case of an exchange or substitution of bonds for bonds and stock or for stock only, as the case may be, so requested, the new bonds proposed to be delivered to the Trustees upon such exchange or substitution are bonds that could properly be used in connection with the issuance of additional bonds under the provisions of Section 4 of Article II of this Mortgage;

(d) A certificate by an independent engineer satisfactory to the Trustee showing as of a date not more than sixty days prior to the application for the release of the securities of such Subsidiary, the fair market value of the permanent property and extensions of such Subsidiary and the fair market value (as of the same date) of the permanent property and extensions of any other Subsidiary the bonds of which are to be substituted hereunder for the securities of the Subsidiary to be released;

(e) An amount of cash and/or aggregate principal amount of bonds issued under this Mortgage at least equal to the fair market value of the permanent property and extensions of the Subsidiary of which the bonds and stock, or the stock only, as the case may be, are to be released, as determined by the engineer's certificate mentioned in subdivision (d) of this section; or

(f) First mortgage bonds of another Subsidiary of an aggregate principal amount at least equal to seventy-five per centum of the fair market value of the permanent property and extensions of the Subsidiary of which the bonds and stock, or the stock only, as the case may be, are to be released, as determined by the engineer's certificate mentioned in subdivision (d) of this section; or

(g) An amount of cash and/or aggregate principal amount of bonds issued under this Mortgage equal to any portion of the fair market value of the permanent property and extensions of the Subsidiary of which the bonds and stock or stock only, as the case may be, are to be released, as determined by the engineer's certificate mentioned in subdivision (d) of this section, and an aggregate principal amount of bonds of another Subsidiary at least equal to seventy-five per centum of the remaining portion of such fair market value.

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SECTION 4. In case of the release of the stock and bonds, or the stock only, as the case may be, of any Subsidiary the entire capital stock of which (except directors' qualifying shares) is pledged hereunder with the Trustees, and in case bonds of another Subsidiary are to be pledged hereunder in substitution for the securities to be released, all of the capital stock of such other Subsidiary (except directors' qualifying shares) must be deposited hereunder with the Trustees.

SECTION 5. All bonds of the Company issued under the provisions of this Mortgage which shall be deposited with the Trustees pursuant to the provisions of this Article, together with all interest coupons thereto appertaining, shall be canceled by the Trustee and be redelivered to the Company.

SECTION 6. Stock and bonds of a Subsidiary, or stock, if stock only of a Subsidiary is pledged hereunder, shall not be released from the lien of this Mortgage under the provisions of this Article except subject to the additional conditions hereinafter in this section provided:

If cash and/or bonds issued under this Mortgage only are to be deposited hereunder with the Trustees upon the release of pledged bonds and stock of a Subsidiary (or stock, if stock only of a Subsidiary is pledged hereunder), the aggregate net earnings, as in Section 6 of Article II hereof defined, of the Company and of all its Subsidiaries (excluding such Subsidiary), during a period of twelve consecutive calendar months ending within sixty days next preceding the date of the application for the release of the pledged bonds and stock (or stock only, as the case may be) must have been at least twice a sum equal to the interest for one year upon all bonds outstanding hereunder at the date of such application (less an amount of such bonds equal to the amount of cash and/or aggregate principal amount of bonds issued under this Mortgage to be deposited hereunder upon the release of the pledged bonds and stock or stock only, as the case may be, and any other cash then on deposit with the Trustee under the provisions of this Article.

If bonds of a Subsidiary only, or partly such bonds and partly cash and/or bonds issued under this Mortgage, are to be deposited hereunder with the Trustees upon the release of pledged bonds and stock (or stock only, as the case may be), the ratio of the aggregate net earnings, as in Section 6 of Article II hereof defined, of the Company and of all its Subsidiaries (excluding the Subsidiary of which the bonds and stock or the stock only, as the case may be, are to be released but including the new Subsidiary), during a period of twelve consecutive calendar months ending within sixty days next preceding the date of the application for the release of the pledged bonds and stock (or stock only, as the case may be), to the interest charges for one year upon all bonds outstanding hereunder at the date of such application (less an amount of such bonds equal to the amount of cash and/or aggregate principal amount of bonds issued under this Mortgage, if any, to be deposited hereunder upon the release of the pledged bonds and stock or stock only, as the case may be, and any other cash then on deposit with the Trustee under the provisions of this Article) shall be not less than the ratio of the aggregate net earnings (as so defined) of the Company and of all its Subsidiaries (excluding the new Subsidiary but including the Subsidiary of which the bonds and stock or the stock only, as the case may be, are to be released), during a like period, to the interest charges for one year upon all bonds outstanding hereunder at the date of such application (less an amount of such bonds equal to the amount, if any, of cash then on deposit with the Trustee under this Article other than the cash, if any, deposited hereunder to obtain the release of such pledged bonds and stock or stock only, as the case may be).

SECTION 7. In case the Company shall make application to the Trustees for the

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withdrawal of cash received by the Trustees under the provisions of this Article and then on deposit hereunder, and shall pledge hereunder with the Trustees any bonds of a Subsidiary or Subsidiaries (existing or additional) which could properly be (but had not been and will not be) used in connection with the issuance of additional bonds under the provisions of Section 4 of Article II hereof, the Company may withdraw, and the Trustee shall thereupon pay to the Company an amount of such cash equal to one and one-third ($1\frac{1}{3}$) times the aggregate principal amount of the bonds so pledged; provided, however, that the ratio of the aggregate net earnings, as in Section 6 of Article II hereof defined, of the Company and of all its Subsidiaries (including the Subsidiary the bonds of which are then to be pledged) during a period of twelve consecutive calendar months ending within sixty days next preceding the date of the application for the withdrawal of such cash, to the interest charges for one year upon all bonds outstanding hereunder at the date of such application (less an amount of bonds equal to the amount, if any, of cash then on deposit with the Trustee under this Article other than the cash to be withdrawn) shall be not less than the ratio of the aggregate net earnings (as so defined) of the Company and of all its Subsidiaries (excluding the Subsidiary the bonds of which are then to be pledged), during a like period, to the interest charges for one year upon all bonds outstanding hereunder at the date of such application (less an amount of such bonds equal to the amount of all cash then on deposit with the Trustee under the provisions of this Article).

No cash shall be withdrawn by the Company under the provisions of this section except upon receipt by the Trustee of the following:

(a) A copy of a resolution of the Board of Directors of the Company requesting the withdrawal of such cash and specifying the bonds to be pledged hereunder with the Trustee in lieu of such cash, and setting forth that in the judgment of the Board of Directors the substitution of such bonds for such cash will not impair the security hereby afforded;

(b) A certificate signed by the President or a Vice President and the Treasurer or an Assistant Treasurer of the Company likewise describing such bonds and stating that they are bonds that could be, but have not been, and will not be, used in connection with the issuance of additional bonds under the provisions of Section 4 of Article II hereof, and stating the aggregate net earnings of the Company and of its Subsidiaries, and the interest charges of the Company, all as in this section above provided, and stating further that the substitution of such bonds for such cash will not, in their judgment, impair the security hereby afforded by changing the ratio of aggregate net earnings to interest charges, together with a statement of all other facts made by the terms of this section a condition to the taking by the Trustees of the action requested by said resolution;

(c) An opinion of counsel to the effect that such bonds are bonds that could properly be used in connection with the issuance of additional bonds under the provisions of Section 4 of Article II of this Mortgage;

In lieu of withdrawing cash received by the Trustees under the provisions of this Article in the manner in this section above provided, the Company may withdraw or request the Trustee to apply any such cash under and pursuant to the provisions of Article IX hereof by complying in all respects with such provisions.

SECTION 8. Any bond pledged hereunder with the Trustees under the provisions of this Article on account of the release of a bond and stock of any Subsidiary, or on account of the withdrawal of cash deposited with the Trustees under the provisions of this Article on account of such release of a bond and stock, shall bear interest at a rate not less than the interest rate of the bond so released, and any bond pledged hereunder

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with the Trustees under the provisions of this Article on account of the release of stock only of a Subsidiary, or on account of the withdrawal of cash deposited hereunder with the Trustees under the provisions of this Article on account of the release of stock only, shall bear interest at a rate not less than the highest interest rate of any bonds issued under the provisions of Section 4 of Article II hereof.

ARTICLE XI.

REMEDIES IN CASE OF DEFAULT.

SECTION 1. In case default shall be made in the payment of interest on any bond issued hereunder, and any such default shall continue for a period of ninety days; or in case default shall be made in the payment of the principal of any such bond when due; or in case default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the Company, and any such last-mentioned default shall continue for a period of ninety days after written notice thereof shall have been given to the Company by the Trustee, which may, in its discretion, give such notice, and shall do so upon the written request of the holders of at least twenty-five per cent in aggregate principal amount of the bonds then outstanding; (each of which events is sometimes herein referred to as an "event of default") then, and in each and every such case, the Trustees, either personally or by their agents or attorneys, may forthwith enter into and upon all or any part of the mortgaged properties, and may exclude the Company, its agents and servants, wholly therefrom and may use, operate, manage and control the same, and conduct the business thereof, either personally or by superintendents, managers, receivers, agents, servants or attorneys, for the benefit of the holders and owners of the bonds issued hereunder, to the fullest extent authorized by law. Upon every such entry, the Trustees may, from time to time, at the expense of the mortgaged properties and of the Company, maintain, restore and insure, or keep insured, the tools, machinery, equipment, plants or other properties, buildings and structures of which they shall become possessed, as aforesaid; and likewise may, from time to time, at the expense of the mortgaged properties and of the Company, make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon, as to the Trustees may seem judicious. The Trustees, in case of such entry, shall have the right to manage the mortgaged properties and to carry on the business and to exercise all the rights, privileges and franchises of the Company, either in the name of the Company or otherwise, as the Trustee shall deem best. In such case the Trustees shall be entitled to collect and receive all tolls, dividends, earnings, incomes, rents, issues and profits of the mortgaged properties and of every part thereof. After deducting the expenses of operating the properties, and of conducting the business thereof, and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments which may be made for taxes, assessments, insurance and other proper charges upon the properties, or any part thereof, as well as just and reasonable compensation for their own services and for the services of all counsel, agents and employees by them properly engaged and employed, the Trustees shall apply the moneys arising as aforesaid, subject to the provisions of Section 3 of Article III hereof, as follows:

First. In case the principal of any bonds shall not have become due, by declaration or otherwise, to the payment of the interest in default thereon in the order of the maturity of the installments of such interest, with interest thereon at the rates specified in the respective bonds, such payments to be made ratably to the persons entitled thereto according to the amount due to each by the terms of the bond or bonds held by him; or

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Second. In case the principal of any of the bonds, less than the whole number outstanding, shall have become due by their terms, to the payment of all the interest then due on all the bonds outstanding (with interest on the overdue installments thereof at the rates specified in the respective bonds) in the order of the maturity of the installments, and, if any surplus, remains, toward the payment of the principal of the bonds then due, such payments in every instance to be made ratably to the persons entitled thereto according to the amounts due them for interest and principal respectively; or

Third. In case the principal of all the bonds shall have become due, by declaration or otherwise, to the payment of the whole amount then due and unpaid either for principal or interest, or for both principal and interest, upon the bonds, with interest on the overdue installments of interest at the rates specified in the respective bonds; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such principal and interest ratably, according to the aggregate of such principal and the accrued and unpaid interest, without preference or priority of any one series over any other series of bonds, or of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, except as to the difference, if any, in the respective rates of such interest.

Upon payment in full as above provided of whatever sum or sums may be due for principal or interest, or both or payable for other purposes, the mortgaged properties shall be returned to the Company, its successors or assigns, as though no default had occurred.

SECTION 2. If the Company shall make default in any of the respects specified in Section 1 of this Article, and such default shall continue for the period, if any, therein specified, then in each and every case the Trustee shall cancel all assignments or orders for the payment of dividends or interest, and all proxies with respect to any of the pledged stock theretofore delivered by it to the Company, and the Trustee shall thereupon be entitled to receive and collect, for the benefit of the holders and owners of the bonds, all dividends that may thereafter be declared on any shares of stock pledged hereunder and all sums which may thereafter become due and payable as interest upon any bonds or other securities pledged hereunder or which may thereafter accrue upon any moneys deposited with the Trustee hereunder, and may itself vote all shares of stock then pledged hereunder in such manner and for such purposes as it may in its discretion deem advisable. The Trustee, subject to the provisions of Section 3 of Article III hereof, shall apply any and all moneys so received or collected by it in the same manner as hereinbefore provided in Section 1 of this Article for the application of moneys arising from the operation of the mortgaged property.

Upon payment in full, as above provided, of any sum or sums which may have been due for principal or interest, or both, or payable for other purposes and upon the fulfillment and performance of all other obligations of the Company in respect of which it was in default under this Mortgage, the Company shall thereafter be entitled to receive the income from all stocks, bonds or other securities pledged hereunder, and to vote the pledged stock (unless such stock, bonds or other securities shall have been sold as in this Article provided) in the same manner and to the same extent as though no default had occurred.

SECTION 3. In case the Company shall make default in any of the respects specified in Section 1 of this Article, and at any time during the continuance of such default there shall be any existing judgment against it unsatisfied and unsecured by bond on appeal, or in case, in any judicial proceeding by any party other than the Trustees, a receiver

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of its properties, or any part thereof, or in case the Company shall file a voluntary petition in bankruptcy or shall make an assignment for the benefit of creditors, or upon filing a bill in equity, or upon other commencement of judicial proceedings by the Trustees to enforce any right under this Mortgage, the Trustees shall be entitled forthwith to exercise the right of entry herein conferred, without awaiting the prescribed period, if any, and also any and all other rights, powers and remedies herein conferred and provided to be exercised by the Trustees upon the occurrence and continuation of a default as hereinbefore provided; and, as a matter of right, the Trustees shall thereupon be entitled to the appointment of a receiver of all the mortgaged properties and of the earnings, income, rents, issues and profits thereof, with such powers as the court making such appointment may confer.

SECTION 4. In case the Company shall make default in any of the respects specified in Section 1 of this Article, and such default shall continue for the period, if any, therein specified, the Trustees may and, upon the written request of the holders of at least twenty-five per cent in aggregate principal amount of all the bonds then outstanding, regardless of series or maturity, shall, by notice in writing mailed or delivered to the Company, declare the principal of all the bonds then outstanding to be due and payable immediately; and upon any such declaration the same shall become and be immediately due and payable, anything in this Mortgage or in said bonds contained to the contrary notwithstanding. This provision is, however, subject to the condition that if, at any time after the principal of said bonds shall have been declared due and payable, and prior to the date of the maturity thereof stated in said bonds, all arrears of interest upon such bonds (with interest on overdue installments of interest at the rates specified in the respective bonds) and all expenses and charges of the Trustees be paid by the Company, or be collected out of the mortgaged properties before any sale thereof shall have been made, and every default in the observance or performance of any covenant or condition in the bonds or in this Mortgage contained shall have been made good or secured to the satisfaction of the Trustees, or provision deemed by the Trustees to be adequate shall have been made therefor, then, and in each and every such case, the holders of a majority in aggregate principal amount of the bonds then outstanding, by written notice to the Company and to the Trustees, may waive such default and its consequences and obtain from the Trustees rescission of such declaration of the maturity of the principal of such bonds as, except for such declaration, would not have been or become so due and payable; but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 5. In case the Company shall make default in any of the respects specified in Section 1 of this Article, and such default shall continue for the period, if any, therein specified, then, and in each and every such case, the Trustees shall, in their discretion, be forthwith entitled with or without entry, either personally or by their agents or attorneys, to sell all and singular the mortgaged and pledged properties, including all shares of stock and all bonds or other securities then pledged hereunder, in the manner provided in Section 7 of this Article, or, in their discretion, the Trustees may forthwith proceed to protect and enforce their rights and the rights of the holders of the bonds under this Mortgage by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of this Mortgage, either for interest or for principal, or for both, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustees, being advised by counsel, shall deem most effectual in support of any of their rights or duties hereunder.

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SECTION 6. In case the Company shall make default in any of the respects specified in Section 1 of this Article, and such default shall continue for the period, if any, therein specified, then, in each and every such case, upon the written request of the holders of at least twenty-five per cent in aggregate principal amount of all the bonds then outstanding, and upon being indemnified as hereinafter provided, the Trustees shall take all steps needful for the protection and enforcement of their rights and the rights of the holders of the bonds, and shall demand payment of the principal of any demand mortgage bonds then held by the Trustee, and shall exercise the powers of entry or sale herein conferred, or both, or take such appropriate judicial proceedings by action, suit or otherwise, as the Trustees, being advised by counsel, shall deem most expedient in the interest of the holders of the bonds.

SECTION 7. In the event of any sale under or by virtue of the power of sale herein contained, or by virtue of judicial proceedings, or of any judgment or decree of foreclosure and sale thereunder, the whole of the mortgaged properties shall be sold in one parcel, as an entirety, unless such sale as an entirety be impracticable by reason of some statute or other cause, or unless the holders of a majority in aggregate principal amount of all the bonds then outstanding shall in writing request the Trustees to cause said properties or any part thereof to be sold in parcels; in which case, so far as lawfully may be, the sale shall be made in such parcels as may be specified in such request.

Notice of any such sale shall state the time and place when and where the same is to be made, and shall contain a brief description of the properties to be sold, and shall be published once in each week for four consecutive weeks prior to such sale in one daily newspaper published in the City of Chicago, State of Illinois; and such other notice shall also be given as may be required to comply with any statute or rule or order of court. The Trustees may adjourn any such sale, or cause the same to be adjourned, from time to time, by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, without further notice or publication, such sale may be made at the time and place to which the same shall be so adjourned, unless otherwise provided by law. In case of any sale of the mortgaged properties or any part thereof, the whole of the principal of the bonds, if not previously due, shall become immediately due and payable, anything in the bonds or in this mortgage contained to the contrary notwithstanding.

Upon the completion of any sale or sales the Trustees shall execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or deeds of conveyance, sale and transfer of the property sold, or shall execute and deliver, in conjunction with the deed or deeds of the court officer conducting such sale, a proper conveyance of such property. The Trustees, their successors and assigns, are hereby appointed the true and lawful attorneys irrevocable of the Company in its name and stead to make, execute and deliver all necessary deeds or acts of conveyance, sale, assignment and transfer of such properties, and to substitute one or more persons or corporations with like power, the Company hereby ratifying and confirming all that its said attorney, attorneys or such substitutes, shall lawfully do or cause to be done by virtue hereof. Nevertheless, the Company shall, if so requested by the Trustees, ratify and confirm such sale by executing and delivering to the Trustees or to such purchaser or purchasers, all such proper assignments, deed, conveyances and releases as may be designated in such request. Any such sale made under or by virtue of this Mortgage either under the power of sale hereby granted and conferred, or under or by virtue of judicial proceedings, shall divest all right, title, interest, estate, claim and demand whatsoever, either at law or in equity, of the Company

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in, of or to the properties sold and every part thereof, and shall be a perpetual bar, both at law and in equity, against the Company, its successors and assigns, and against any and all persons claiming or to claim the properties sold, or any part thereof, from, through or under the Company, its successors or assigns, respectively.

SECTION 8. In case of any sale of the mortgaged properties, whether under the power of sale hereby granted, or pursuant to judicial proceedings, the purchase money, proceeds or avails, together with any other sums which may then be held by or payable to the Trustees under any of the provisions of this Mortgage as part of the security hereunder, shall be applied, subject to the provisions of Section 3 of Article III hereof, as follows:

First. To the payment of the costs, expenses, fees, and other charges of such sale, and a reasonable compensation to the Trustees, their agents and attorneys, and to the payment of all expenses and liabilities incurred and advanced, or disbursements made, by the Trustees, and to the payment of all taxes, assessments or liens prior to the lien of this Mortgage, except any taxes, assessments or other superior liens subject to which such sale shall have been made;

Second. To the payment of the whole amount then due and unpaid either for principal or interest, or for both principal and interest, upon the bonds, with interest on the overdue installments of interest at the rates specified in the respective bonds; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such principal and interest ratably, according to the aggregate of such principal and the accrued and unpaid interest, without preference or priority of any one series over any other series of bonds, or of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, except as to the difference, if any, in the respective rates of such interest; and

Third. To the payment of the remainder, if any, to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 9. In case of any sale of the mortgaged properties, or of any part thereof, the purchaser, for the purpose of making settlement or payment for the property purchased, shall be entitled to apply towards the payment of the purchase price, and to be credited therewith, any bonds and any matured and unpaid interest coupons or claims for interest, to the amount to which such bonds and interest coupons or claims for interest would be entitled upon a distribution among the holders of the bonds of the net proceeds of such sale, after making the deductions allowable under the terms hereof for the costs and expenses of the sale, or otherwise; but such bonds and interest coupons or claims for interest so applied in payment by the purchaser shall be deemed to be paid only to the extent so applied. At any such sale, the Trustees, or either of them, or any holder of any bond may bid for and purchase such property, and may make payment therefor, as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability. The receipt of the Trustees, or of the court officer conducting such sale, shall be a sufficient discharge for the purchase money to any purchaser of the properties of any part thereof sold as aforesaid; and no such purchaser, or his representatives, grantees or assigns, after paying such money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Mortgage, or be answerable in any manner whatsoever for any loss, mis-application or nonapplication of any such purchase money, or any part thereof.

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SECTION 10. The Company will not at any time insist upon or plead, or in any manner whatever claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force in any locality where the mortgaged properties or any part thereof may be situated; and it will not claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the mortgaged properties or any part thereof prior to any sale or sales thereof made pursuant to any provision herein contained or the decree of a court of competent jurisdiction; and it will not, after any such sale or sales, claim or exercise any right under any law heretofore or hereafter enacted to redeem the property so sold or any part thereof. The Company hereby expressly waives all benefit and advantage of any such law or laws; and it covenants that it will not in any way hinder, delay or impede the execution of any power herein granted to the Trustees but it will suffer and permit the execution of every such power as if no such law or laws had been enacted.

SECTION 11. In case default shall be made in the payment of interest on any bond, and any such default shall continue for a period of ninety days; or in case default shall be made in the payment of the principal of any bond when the same shall become payable, whether at the maturity of said bond or pursuant to notice of redemption or by declaration, as authorized by this Mortgage, or by a sale of the mortgaged properties as hereinbefore provided, or otherwise, then, upon demand of the Trustees the Company will pay to the Trustees, for the benefit of the holders of the bonds and interest coupons or claims for interest hereby secured then outstanding, the principal of all such bonds then due and payable, and the whole amount then due and payable for interest on such bonds, with interest upon the overdue principal and installments of interest at the rates specified in the respective bonds; and, in case the Company shall fail to pay the same forthwith upon such demand, the Trustees, in their own names, and as trustees of an express trust, shall be entitled to recover judgment against the Company for such amount. The Trustees shall be entitled to recover judgment, as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Mortgage upon the mortgaged properties, and their right to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any powers conferred by any of the provisions of this Mortgage, or by the foreclosure of the lien hereof; and, in case of a sale of such properties, and of the application of the proceeds of sale to the payment of the mortgage debt, the Trustees, in their own names, and as trustees of an express trust, shall be entitled to receive and to enforce payment of any and all deficiencies or amounts then remaining unpaid upon or on account of any or all of the bonds then outstanding, for the benefit of the respective holders thereof, and shall be entitled to recover judgment for any portion of the mortgage debt remaining unpaid, with interest. No recovery of any judgment by the Trustees and no levy of any execution under any such judgment upon property subject to the lien of this Mortgage, or upon any other property, shall in any manner or to any extent affect or impair the lien of the Trustees upon the mortgaged properties or any part thereof, or any rights, powers or remedies of the Trustees or of the holders of the Bonds hereby secured; but such lien, rights, powers and remedies shall continue unaffected and unimpaired as before. Any moneys collected by the Trustees under this Section 11 shall be applied by the Trustees, subject to the provisions of Section 3 of Article III hereof, first, to the payment of the costs and expenses of the proceedings resulting in the collection of such moneys, and, second, to the payment of the amounts then due and unpaid upon such bonds and interest coupons or claims for interest, respectively, without any preference or priority of any kind, but ratably according to the amounts due and payable on such bonds and interest coupons or claims for interest, respectively, at the date

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fixed by the Trustees for the distribution of such moneys.

SECTION 12. Anything in this Mortgage contained to the contrary notwithstanding, the holders of a majority in aggregate principal amount of the bonds outstanding hereunder, from time to time, shall have the right, by an instrument in writing, executed and delivered to the Trustees, to direct the method of conducting any and all proceedings under this Article, for any sale of the mortgaged properties or for the foreclosure of this Mortgage or for the appointment of a receiver, or for any other purpose, and the Trustees shall not be responsible to anyone for any action taken or omitted by them, or either of them, pursuant to any such directions; provided, that such direction shall not be inconsistent with the terms of this Mortgage.

SECTION 13. Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the Trustees or to the holders of the bonds is intended to be exclusive of any other remedy, but every remedy herein provided shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity, or by statute; and every power and remedy given by this Mortgage to the Trustees or to holders of the bonds may be exercised from time to time, and as often as may be deemed expedient. No delay or omission by the Trustees or by any holder of any bond to exercise any right or power arising from any default, shall impair any such right or power, or shall be construed to be a waiver of any default or an acquiescence therein. In case the Trustees shall have proceeded to enforce any right under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned because of waiver, or for any other reason, or shall have been determined adversely, then, and in each and every such case, the Company and the Trustees shall severally and respectively be restored to their former positions and rights hereunder in respect of the mortgaged properties, and all rights, remedies and powers of the Trustees shall continue as though no such proceedings had been taken.

SECTION 14. No holder of any bond shall have the right to institute any suit, action or proceeding at law or in equity upon, or in respect of, this Mortgage, or for the execution of any trust or power hereof, or for any other remedy under or upon this Mortgage, unless such holder shall previously have given to the Trustees written notice of the existing default; nor unless, also, such holder or holders shall have tendered to the Trustees security and indemnity satisfactory to them against all costs, expenses and liabilities which might be incurred in or by reason of such action, suit or proceeding; nor unless, also, the holders of at least twenty-five per cent in aggregate principal amount of all the bonds then outstanding shall have requested the Trustees in writing to take action in respect of such default and the Trustees shall have declined to take such action or shall have failed so to do within thirty days thereafter; it being understood and intended that no holder of any bond or interest coupon shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Mortgage by his action, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings hereunder shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of outstanding bonds.

ARTICLE XII.

EVIDENCE OF RIGHTS OF BONDHOLDERS.

Any request or other instrument, which this Mortgage may require or permit to be signed and executed by the bondholders, may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such bondholders in person or by attorney appointed in writing. Proof of the execution of any such request or other instrument, or

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of a writing appointing any such agent, or of the holding by any person of the bonds or coupons appertaining thereto, shall be sufficient for any purpose of this Mortgage if made in the following manner and shall be conclusive in favor of the Trustee with respect to any action taken in reliance thereon:

(a) The fact and date of the execution by any person of such request or other instrument or writing may be proved by the certificate under his official seal of any notary public, or other officer in any jurisdiction, who by the laws thereof has power to take acknowledgments of deeds to be recorded within such jurisdiction, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution;

(b) The amount of bonds transferable by delivery held by any person executing such request or other instrument as a bondholder, and the series and serial numbers thereof, held by such person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depository wheresoever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depository, the bonds described in such certificate. The Trustee may nevertheless in its discretion require further proof in cases where it deems further proof desirable. The ownership of registered bonds and of coupon bonds which shall at the time be registered as to principal shall be proved by the registry books as hereinbefore provided.

The Trustees shall not be bound to recognize any person as a bondholder unless and until his title to the bonds held by him is proved in the manner in this Article provided.

ARTICLE XIII.

DEFEASANCE

If the Company, its successors or assigns, shall pay or cause to be paid unto the holders of said bonds and coupons, the principal and interest to become due thereon at the times and in the manner stipulated therein, and shall keep, perform and observe all and singular the covenants and promises in said bonds and in this Mortgage expressed to be kept performed and observed by it or on its part, then these presents and the estate and the rights hereby granted shall cease, determine and be void, and thereupon the Trustees shall, upon request of the Company and at its expense, cancel and discharge the lien of this Mortgage, and execute and deliver to the Company such deeds as shall be requisite to satisfy the lien hereof and reconvey to the Company the estate and title hereby conveyed, and assign and deliver to the Company any property subject to the lien of this Mortgage which may then be in their possession. Bonds for the payment or redemption of which money shall have been set apart by or paid to the Trustee shall be deemed to be paid within the meaning of this Article. In case the owner of any bond at any time outstanding hereunder shall not, within six (6) years after the maturity date of such bond, claim the amount on deposit with the Trustee for the payment of the principal thereof, the Trustee shall pay over to or upon the order of the Company the amount so deposited.

The Company may at any time surrender to the Trustee for cancellation, or in cancelled form, any bonds of any series previously authenticated hereunder, together with all unmatured coupons thereto attached, which the Company may have acquired or possessed itself of in any manner whatsoever, and such bonds, upon such surrender, and upon delivery to the Trustee of evidence satisfactory to it of the payment or cancellation of all past due coupons pertaining to said bonds, or cash sufficient for the payment of any thereof not so paid or canceled, shall be deemed to be and shall be paid and retired.

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ARTICLE XIV.

IMMUNITY OF OFFICERS, STOCKHOLDERS AND DIRECTORS.

No recourse under or upon any obligation, covenant or agreement contained in this Mortgage, or in any bond or coupon hereby secured, or under any judgment obtained against the Company, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding by virtue of any constitution or statute or rule of law of otherwise or under any circumstances, under or independent of this Mortgage shall be had against any incorporator, stockholder, officer or director, past, present or future, of the Company, or of any successor corporation, either directly or through the Company, or otherwise, for the payment for or to the Company or any receiver thereof, or for or to the holder of any bond or coupon issued or secured hereunder or otherwise, of any sum that may be due and unpaid by the Company upon any such bond or coupons, and any and all personal liability of every name and nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, stockholder, officer or director, for the payment for or to the Company or any receiver thereof, or for or to the holder of any bond or coupon issued or secured hereunder or otherwise, of any sum that may remain due and unpaid upon the bonds and coupons hereby secured or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Mortgage and the issue of such bonds and coupons.

ARTICLE XV.

CONSOLIDATIONS, MERGERS AND SALES

SECTION 1. Nothing in this Mortgage contained shall prevent any lawful consolidation or merger of the Company with or into any other corporation, or any conveyance or transfer, subject to this Mortgage, of all, or substantially all, the mortgaged property, as an entirety, to any corporation lawfully entitled to acquire and operate the same; provided, however, and the Company covenants and agrees, that such consolidation, merger, conveyance or transfer shall be upon such terms as in no respect to impair the lien of this Mortgage upon the property then subject hereto, or any of the rights or powers of the Trustees or the bondholders hereunder.

SECTION 2. In case the Company shall be consolidated with or merged into any other corporation, or shall convey or transfer, subject to the lien of this Mortgage, all, or substantially all, the mortgaged property, as an entirety, the corporation resulting from such consolidation, or into which the Company shall have been merged, or which shall have received a conveyance or transfer, as aforesaid, (such corporation being hereinafter called the successor corporation) may thereafter issue bonds under this Mortgage, provided it shall first execute and deliver to the Trustees an indenture satisfactory to the Trustees whereby the successor corporation (1) shall convey to the Trustees upon the trusts herein declared, but subject to any outstanding liens and encumbrances, all the property which it shall own at the date of the conveyance and all which it may thereafter acquire, except property of a character similar to that of the Company which is excluded from the lien of this Mortgage, and (2) shall adopt this Mortgage as its own and shall assume and agree to pay the principal and interest of the bonds issued or to be issued hereunder and secured hereby in accordance with the provisions of said bonds and coupons and this Mortgage, and (3) shall assume and agree to perform and fulfill all the terms, covenants and conditions of this Mortgage binding upon the Company. Upon the execution and delivery of such indenture the successor corporation shall succeed to and be substituted for the Company under this Mortgage, with the same effect as if it had been named herein as the

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mortgagor company, and may thereafter, subject to all the terms, conditions and restrictions in this Mortgage prescribed, issue bonds hereunder to the extent and for the purposes herein provided with respect to the issuance of bonds by the Company and may also issue any bonds which the Company was entitled to issue but had not issued hereunder. All the bonds so issued shall in all respects have the same legal rank and security as the bonds theretofore or thereafter issued in accordance with the terms of this Mortgage as though all of said bonds had been issued at the date of the execution hereof. Upon the execution and delivery by such successor corporation of the indenture in this section above mentioned, all permanent property owned by it at the date upon which it became such successor corporation (excluding the permanent property received from the Company) shall, within the meaning of the provisions of Article II of this Mortgage, be deemed to be purchased property acquired by such successor corporation at the date upon which it became such successor corporation, for or on account of the cost or fair market value of which bonds may be issued hereunder upon compliance with the provisions of said Article II.

The Trustees may receive the opinion of any counsel (who may be of counsel to the Company) selected by the Company and satisfactory to the Trustee, as conclusive evidence that such indenture complies with the foregoing conditions and provisions of this section.

SECTION 3. Every such successor corporation shall possess, subject to the terms and conditions of this Mortgage, and may from time to time exercise, each and every right and power of the Company, in its name or otherwise; and any act, proceeding, resolution or certificate by any of the terms of this Mortgage required or provided to be done, taken or performed, or made or executed, by any board or officer of the Company shall and may be done, taken and performed, or made and executed, with like force and effect, by the corresponding board or officer of any such successor corporation.

SECTION 4. At any time prior to the exercise of any power by this Article reserved by the Company or to a successor corporation, the Company may surrender any power so reserved, provided that by so doing the lien of this Mortgage is in nowise affected, by delivering to the Trustees an instrument in writing executed by its President or a Vice President under its corporate seal attested by its Secretary or an Assistant Secretary, accompanied by the affidavit of its Secretary or an Assistant Secretary stating that the execution of such instrument was authorized by the vote of two-thirds of the entire Board of Directors of the Company given at a meeting duly called and held, and thereupon the power so surrendered shall cease.

ARTICLE XVI.

CONCERNING THE TRUSTEES.

SECTION 1. Whenever any of the expressions "Trustees," "Trustee" or "Co-Trustee" is used in this Mortgage, or in the bonds or coupons, such expression shall be held to include and mean the Trustees, the Trustee or the Co-Trustee (as the case may be) for the time being under the terms of this Mortgage, whether the original or some successor or substitute. In case the Trustee hereunder shall become legally consolidated or merged with any other corporation, the corporation resulting from such consolidation or merger shall thereby become and be the Trustee under this Mortgage. The Trustees shall not be responsible for the correctness of any of the recitals or representations in this Mortgage or in said bonds contained or with respect to the application of bonds delivered to the Company pursuant to the terms hereof, or with respect to the disposition of the proceeds of the bonds secured hereby. It shall be no part of the duty of the Trustees to see to the execution, acknowledgment or recording of this Mortgage or any supplemental instrument, as a mortgage

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or conveyance of real or personal estate, or to do any other act which may be suitable and proper to be done to make this Mortgage or any supplemental instrument, a lien, or to continue, extend or supplement such lien; or for giving notice of the existence of such lien; nor shall the Trustees have any responsibility as to the validity of this Mortgage, nor as to the amount or extent of the security afforded by or as to the title to the property hereby conveyed, nor as to the validity or priority of any bonds issued hereunder, nor as to the performance by the Company of any of its covenants or obligations hereunder. It shall be no part of the duty of the Trustees to see to the insurance of any part of the property hereby mortgaged, or to effect such insurance themselves, or to require the deposit with them, or either of them, of insurance policies or to collect insurance in case of loss, or to pay or keep themselves advised as to the payment of rents, taxes or assessments of or upon any of the mortgaged property; but the Trustees, or either of them, may, in their discretion, and at the expense of the Company, do any or all of such matters or things, or require the same to be done. The Trustees, or either of them, may select and employ, in and about the execution of any of the duties incumbent upon them hereunder, suitable agents and attorneys, and the Trustees shall not be answerable for any act, default or misconduct of any such agent or attorney appointed in pursuance hereof if such agent or attorney shall have been selected with reasonable care; nor shall the Trustees be otherwise responsible or accountable under any circumstances whatsoever except for wilful misconduct and negligence. Neither Trustee hereunder shall be held liable for any neglect, omission or wrongdoing of the other. The Trustees shall be under no obligation or duty to perform any act hereunder, or to defend any suit in respect hereof until indemnified to their satisfaction; nor shall they be required to take notice, nor be deemed to have notice or knowledge, of any default of the Company in respect to any of its covenants and agreements herein contained, unless the Trustees shall have been specifically notified of such default in writing by the holder or holders of not less than five per centum in amount of the bonds then outstanding hereunder; nor shall the Trustees be bound to recognize any person as a bondholder unless or until his bonds are submitted to the Trustees for inspection, if required, and his title satisfactorily established, if disputed. In case at any time it shall be necessary or proper for the Trustees to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything as such Trustees except when it is specifically otherwise provided herein, a certificate signed in the Company's name by its President or by a Vice President, and attested by its Secretary or by an Assistant Secretary under its corporate seal, and verified by the affidavit of one or more of the Company's directors, shall be conclusive evidence of such fact to protect the Trustees in any action or non-action that they may take by reason of the supposed existence of such fact; but the Trustees may, in their discretion, make such further examination or investigation with reference to such supposed fact as they may deem advisable, and the Company agrees to pay on demand all expenses reasonably incurred by the Trustees in making any such investigation or examination. Except as may be otherwise provided by this Mortgage, and unless and until there shall be delivered to the Trustees a certified copy of a resolution of the Company's Board of Directors determining otherwise, every request, order, consent or expression of desire set forth in writing, addressed and delivered to the Trustee and signed in the name of the Company by its President or one of its Vice Presidents may, for every purpose of this Mortgage, be taken and relief upon by the Trustees as the request, order, consent or expression of desire of the Company. The Trustees shall not be responsible for the genuineness of any signature of any party to any document executed by any person whomsoever, in accordance with or in pursuance of the terms

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of this Mortgage, but may, without liability on their part, assume as genuine any purported signature by any person, officer or corporation to any such instrument, and shall be protected in acting upon any notice, request, certificate, order, affidavit, letter, telegram or other paper or document believed by them to be genuine and correct and to have been signed or sent by the proper person or persons, and may, in the discharge of their duties hereunder, act upon the information or advice of any attorney, valuer, surveyor, engineer, accountant or other expert retained by them or by the Company, and shall not be responsible for any loss resulting from any action or non-action in accordance with any such information or advice. The Trustees may, in their discretion, from time to time advise with counsel to be selected and employed by them, at the expense of the Company, and anything done or suffered to be done by them, or either of them, in accordance with the opinion of counsel, shall be conclusive in favor of the Trustees and shall be binding upon the Company and all holders of bonds and coupons hereby secured. Any notice to the Company under any provision of this instrument shall be sufficiently given if served personally upon any officer of the Company or deposited in the mails addressed to the Company at the principal office of the Company in the State of Delaware or its principal office in any other State in which it is or shall be licensed to transact business. The Trustees shall be entitled to receive reasonable compensation for their services and to be reimbursed for their reasonable outlays and disbursements, including court costs and attorneys' fees and expenditures for abstracts of title and continuations thereof. The Company agrees from time to time on demand, to pay to the Trustees reasonable compensation for their services hereunder, and reasonable compensation for the services of their counsel and Solicitors employed by them in connection with the discharge of their trusts hereunder, and agrees to reimburse the Trustees from time to time, on demand, for all reasonable outlays and expenditures of every sort or nature made or incurred by the Trustees in the discharge of the trusts hereunder, and agrees to indemnify and save the Trustees harmless against any and all liabilities of any kind which the Trustees may incur in the exercise and performance of their powers and duties hereunder; and all such fees, compensations, liabilities, outlays and expenditures shall constitute a first lien upon the mortgaged property in favor of the Trustees prior to any other claim hereunder. All moneys coming into the hands of the Trustees, or either of them, and held under the provisions of this Mortgage shall be held as a special deposit hereunder. Until paid out in accordance with the applicable provisions hereof, such moneys shall draw interest at a rate to be agreed upon by the Trustee and the Company and such interest shall, from time to time, be paid to or upon the order of the Company in the absence of knowledge by the Trustees of an event of default. Any person or corporation being trustee hereunder may acquire bonds and coupons issued hereunder and stock or other obligations of the Company with the same rights which he or it would have if he or it were not trustee.

Where the Trustees have demanded or received indemnity under the provisions of this Mortgage, and it shall afterwards appear, in the judgment of the Trustees, that the indemnity so demanded or received is, or may become insufficient, the Trustees shall not be required to take any further action hereunder until additional indemnity shall have been furnished to the Trustees.

The Trustees shall not be liable for any release or releases improvidently executed by them insupposed compliance with the terms of this Mortgage, but any such release or releases which may be executed by the Trustees where the Company shall not be entitled to receive the same shall, as between the Company and the Trustees, be null, void and of no effect.

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SECTION 2. The Trustees, or either of them, for the time being hereunder may resign as such Trustees or trustee by written resignation delivered to the Company, such resignation to take effect at the expiration of thirty days after such delivery unless before such expiration a successor duly appointed hereunder, shall have accepted the trusteeship hereunder, in which case such resignation shall take effect at the time of such acceptance. The Trustees, or either of them, for the time being hereunder may be removed at any time by an instrument or concurrent instruments in writing delivered to such trustees or trustee and to the Company, signed by the holders of a majority in amount of the bonds then outstanding hereunder or by the attorneys in fact of such holders, and upon payment to such trustees or trustee of their or his charges and disbursements hereunder. In case the Trustee or its successors shall resign or be removed, or otherwise be or become incapable of acting as Trustee, then in either such event, a successor or successors may be appointed by the holders of a majority in amount of the bonds hereby secured and then outstanding, by an instrument or concurrent instruments in writing, signed by such holders or by their attorneys in fact, duly authorized; but if at any time there shall be a vacancy in such trusteeship, the Company, by an instrument executed by order of its Board of Directors, may appoint a Trustee to fill the same unless and until a new Trustee shall be appointed by the bondholders, as aforesaid, and if and when any such new Trustee shall be so appointed by the bondholders, any Trustee theretofore appointed by the Company shall thereupon by such appointment of the bondholders be superseded and retired. Each successor to or substitute for the Trustee hereunder shall be a corporation having lawful power to act as Trustee hereunder. In case the Co-Trustee shall die, shall resign, or be removed, or otherwise be or become incapable of acting as trustee, then in any such event the Trustee or its successor shall appoint the Co-Trustee. It shall be the duty of the Company to cause to be recorded in the same manner as this Mortgage shall have been recorded, each resignation and acceptance of the trusteeship and each appointment as trustee hereunder. Whenever a new Trustee or Trustees shall succeed to the trusteeship under this Mortgage, such new Trustee or Trustees shall, without any further act, deed or conveyance, be and become vested with all the estate, properties, rights, powers, duties and trusts of their respective predecessors in the trust hereunder, with like effect as if originally named as the Trustees, or one of the trustees herein; but each retiring Trustee shall, nevertheless, upon written demand of the new trustee, execute and deliver to the new trustee such proper conveyances and make such transfers as will legally transfer the mortgaged property and the trusts hereunder. Should any deed, conveyance or instrument in writing from the Company be required by any new trustee for more fully and certainly vesting in and confirming to such new trustee said estates, properties, rights, trusts and duties, then any and all such deeds, conveyances and instruments in writing shall, on request of such new trustee, be executed, acknowledged and delivered by the Company.

SECTION 3. Each and every estate, right, title, interest, lien, claim, demand and cause of action expressed or intended by this Mortgage to be vested in or conveyed to the Trustees shall (whether or not the same shall be lawfully conveyed to or vested in First Trust and Savings Bank and its successors in trust hereunder) in any event hereby vest in and be conveyed to John C. Mechem and his successors in trust hereunder, and each and every covenant or obligation expressed or intended by this Mortgage to run in favor of, and each and every right, power, remedy and duty expressed or intended by this Mortgage to be conferred upon or enforceable by, the Trustees, shall (whether or not the same shall lawfully run in favor of or be conferred upon or be enforceable by First Trust and Savings Bank, or its successors in trust hereunder) in any event run in favor of, be

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with like effect, in each and every case of any incapacity of First Trust and Savings Bank, and its successors in trust hereunder, as though this Mortgage were originally entered into between the Company and said John C. Mechem as sole Trustee. If by any present or future law in any jurisdiction in which it may be necessary to perform any act in the execution of the trust herein created, the Trustee, or its successor or successors, may be incompetent or disqualified or unwilling to act as such Trustee, then all the acts required to be performed in such jurisdiction in the execution of the trusts hereby created shall and will be performed by the Co-Trustee, or his successor or successors, acting alone. Except as it may be deemed necessary, as aforesaid, for the Co-Trustee, acting alone, to execute the trusts hereby created, the Trustee, or its successor or successors, may alone have and exercise the powers and shall alone be charged with the performance of the duties hereinbefore declared to be held, exercised or performed on the part of the Trustees. Any request in writing by the Trustee, its successor or successors, to the Co-Trustee hereunder, or to any Co-Trustee appointed in succession to him, shall be sufficient warrant for the Co-Trustee, or his successor, to take such action as may be requested of him. The Co-Trustee, or any successor, may delegate to the Trustee, its successor or successors, the exercise of any power, discretionary or otherwise, conferred by any provisions of this Mortgage. The Trustee and its successors in the trust shall have the power at any time, by instrument in writing duly executed by its President or a Vice President under its seal, to remove the Co-Trustee, or his successor in the trust from his position as one of the Trustees hereunder, and to appoint some other person, qualified to be appointed, as successor in trust to the Co-Trustee so removed.

SECTION 4. In case the Co-Trustee, or any successor to him as Co-Trustee, shall die, become incapable of acting, resign (as he at any time may), or be removed, all the estate, properties, rights, powers, trusts, duties and obligations of the Trustees hereunder, so far as permitted by law, shall vest in and be exercised by the Trustee for the time being, until the appointment of a new Co-Trustee, as hereinbefore provided.

ARTICLE XVII.

MODIFICATIONS.

SECTION 1. When authorized by resolution of its Board of Directors, the Company and the Trustees, from time to time and at any time, subject to the restrictions in this Mortgage contained, may and when so required by this Mortgage, shall enter into such indentures supplemental hereto as may or shall by them be deemed necessary or desirable, for one or more of the following purposes:

(a) To correct the description of any property hereby conveyed or pledged or intended so to be, or to assign, convey, mortgage, pledge, transfer and set over unto the Trustees, subject to such liens or other encumbrances as shall be therein specifically described, additional property or properties of the Company, for the equal and proportionate benefit and security, except as herein otherwise expressly provided, of the holders and owners of all bonds at any time issued and outstanding under this Mortgage;

(b) To add other limitations, to be thereafter observed, to the limitations on the authorized issue and purposes of issue of the bonds which may be issued for any of the purposes specified in Article II; to specify definitive limitations on the total authorized issue of bonds under this Mortgage or of any series of such Bonds; or to add to the covenants or agreements of the Company for the protection of the bondholders and of the trust estate;

(c) To provide the terms and conditions of redemption of the bonds, and/or for a special sinking fund for the retirement of the bonds of any particular series then about to be issued;

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(d) To provide additional or other restrictions and limitations upon the issue of any new series of bonds or additional covenants and undertakings of the Company with respect thereto;

(e) To provide the terms and conditions of the exchange of bonds of one series for bonds of another or other series, or as to the exchange of bonds of one denomination for bonds of another denomination, of the same series;

(f) To provide that the principal of the bonds of any particular series may be converted at the option of the holders into the capital stock or other bonds of the Company, and the terms and conditions of such conversion;

(g) To evidence the succession of another corporation to the Company, or successive successions, and the assumption by such successor corporation of the covenants and obligations of the Company under this Mortgage;

(h) To change the designation of the bonds issued hereunder in the manner and upon the conditions provided in Section 3 of Article I hereof;

(i) To set forth the form and substance of the bonds, other than Series A, and the terms, provisions and conditions thereof;

(j) To change, alter, modify, vary or eliminate any of the terms, provisions, restrictions or conditions of this Mortgage; provided, however, that any such changes, alterations, modifications, variations or eliminations made in a supplemental indenture pursuant to this subdivision (j) of this section, shall be expressly stated in such supplemental indenture to become effective only with respect to bonds authenticated subsequent to the execution of such supplemental indenture;

(k) For any other purpose not inconsistent with the terms of this Mortgage and which shall not impair the security of the same, or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective or inconsistent provision contained herein or in any supplemental indenture.

SECTION 2. In each and every case provided for in this Article, the Trustees shall be entitled to exercise their uncontrolled discretion in determining whether or not any proposed supplemental indenture, or any term or provision therein contained, is necessary or desirable, having in view the needs of the Company and the respective rights and interests of the holders of bonds theretofore issued hereunder; and the Trustees shall be under no responsibility or liability to the Company or to any holder of any bond, or to anyone whatever, for any act or thing which they may do or decline to do in good faith, subject to the provisions of this Article, in the exercise of such discretion.

SECTION 3. The Trustees are authorized to join with the Company in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained, and to accept the conveyance, transfer and assignment of any property thereunder.

Any supplemental indenture executed in accordance with any of the provisions of this Article shall thereafter form a part of this Mortgage; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and be deemed to be part of the terms and conditions of this Mortgage for any and all purposes, and, if deemed necessary or desirable by the Trustees, any of such terms or conditions may be set forth in reasonable and customary manner in the bonds of the particular series to which such supplemental indenture shall apply. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the bonds of any series issued thereafter, if deemed necessary or desirable by the Trustees.

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ARTICLE XVIII.

MISCELLANEOUS PROVISIONS.

The name "A. B. Leach & Co. Inc.", wherever used in this Mortgage shall be deemed to refer to and include the corporation of that name organized under the laws of the State of New York and shall likewise include any successor to such corporation and any corporation or partnership regularly and legally succeeding to all the business and good will of A. B. Leach & Co. Inc.; but in case A. B. Leach & Co. Inc. shall go out of existence, leaving no successor to its business and good will, all rights, powers and privileges conferred upon it by this Mortgage, and all obligations of the Company to it hereunder, shall thereupon lapse and terminate, and thereafter no further reports need be furnished by the Company to A. B. Leach & Co. Inc. as provided in Section 14 of Article III hereof, and the certified public accountants therein provided to be designated or approved by A. B. Leach & Co. Inc. shall thereafter be selected by the Company and be satisfactory to the Trustee. Neither A. B. Leach & Co. Inc. nor any such successor, corporation or partnership, shall have any responsibility or liability to the Company, or to the holders of any bonds at any time outstanding hereunder, or to the Trustees, arising from its doing or not doing any act, or the making of any selection or the giving or not giving by it of any approval, which under the provisions hereof it is authorized or permitted to do or give.

All the covenants, stipulations and agreements in this Mortgage contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and of the holders of the bonds and of the coupons hereby secured.

Whenever in this Mortgage either of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all the covenants, promises and agreements in this Mortgage contained by or on behalf of the Company, or by or on behalf of the Trustees, shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not; but the provisions of this paragraph shall not be deemed to subject to the lien hereof the property of any successor corporation not acquired from the Company and not then subject to the lien hereof, unless it shall have expressly agreed that such shall be the case, in the manner provided in Article XV hereof.

The headings of the different Articles of this Mortgage are inserted for convenience of reference, and are not to be taken to be any part of these provisions, nor to control or affect the meaning, construction or effect of the same.

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

IN WITNESS WHEREOF, said Central West Public Service Company has caused this instrument to be executed in its corporate name by its President or one of its Vice Presidents, and its corporate seal to be hereto affixed, attested by its Secretary or an Assistant Secretary, and said First Trust and Savings Bank has caused this instrument to be executed in its corporate name by its President, or a Vice President, and its corporate seal to be hereto affixed, attested by its Secretary or an Assistant Secretary, and said John C. Mechem has signed and sealed this instrument, in several counterparts, all as of the day and year first above written.

(CORPORATE SEAL OF CENTRAL WEST PUBLIC
SERVICE COMPANY)

CENTRAL WEST PUBLIC SERVICE COMPANY
By W. N. Albertson,
President.

Attest:

George W. Kalweit
Assistant Secretary.

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Signed by the Grantor, Central West Public Service Company, in my presence:

Freeman Day Witness.

C. H. Ross Witness.

FIRST TRUST AND SAVINGS BANK,
By Jno. C. Mechem
Vice President.

(CORPORATE SEAL OF FIRST TRUST
AND SAVINGS BANK)

Attest:

Robert L. Grinnell
Assistant Secretary.

Jno. C. Mechem (Seal)

STATE OF ILLINOIS, County of Cook, ss.

I DO HEREBY CERTIFY that on this 11th day of March, in the year 1927, before me, A. P. Nickels, a Notary Public in and for said County, personally appeared W. N. Albertson, and George W. Kalweit, to me personally known and known to me to be respectively the President and Assistant Secretary of Central West Public Service Company, one of the corporations that is described in and that executed the within and foregoing instrument, and known to me to be the same persons whose names are respectively subscribed as such President and Assistant Secretary to the foregoing instrument, who being by me duly sworn, did say that they are respectively the President and Assistant Secretary of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was executed, signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors and said W. N. Albertson and George W. Kalweit acknowledged to me that such corporation executed the same, and acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation, by it voluntarily executed, for the uses and purposes therein set forth; and I further certify that said W. N. Albertson and George W. Kalweit are known to me to be authorized to make such acknowledgment by the by-laws of said corporation and by resolution of its Board of Directors, and are known to me to be officers of said corporation described in the within instrument, having authority to execute such instrument.

Given under my hand and official seal this 11th day of March, A. D. 1927.

NOTARIAL
SEAL

A. P. Nickels, Notary Public.

My commission expires May 15, 1928.

STATE OF ILLINOIS, County of Cook, ss.

I DO HEREBY CERTIFY that on this 12th day of March, in the year 1927, before me, A. P. Nickels, a Notary Public in and for said County, personally appeared John C. Mechem and Robert L. Grinnell, to me personally known and known to me to be respectively a Vice President and Assistant Secretary of First Trust and Savings Bank, one of the corporations that is described in and that executed the within and foregoing instrument, and known to me to be the same persons whose names are respectively subscribed as such Vice President and Assistant Secretary to the foregoing instrument, who being by me duly sworn, did say that they are respectively a Vice President and Assistant Secretary of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was executed, signed, sealed and delivered in behalf of said corporation by authority of its Board of Directors and said John C. Mechem and Robert L. Grinnell acknowledged to me that such corporation executed the same, and acknowledged said instrument and the execution thereof to be the free and voluntary act and deed of said corporation, by it voluntarily executed, for the uses and purposes therein set forth; and I further certify that said John C. Mechem and Robert L. Grinnell are known to me to be authorized to make such acknowledgment by the by-laws of

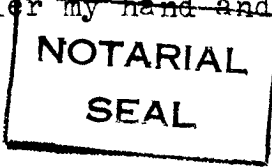
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officers of said corporation described in the within instrument, having authority to execute such instrument.

Given under my hand and official seal this 12th day of March, A. D. 1927.



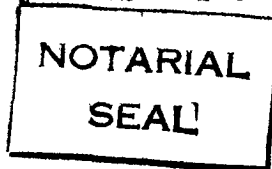
A. P. Nickels, Notary Public.

My commission expires May 15, 1928.

STATE OF ILLINOIS, County of Cook, ss.

I DO HEREBY CERTIFY that on this 12th day of March in the year 1927, before me, A. P. Nickels, a Notary Public in and for said County, personally appeared John C. Mechem, personally known to me to be the person who is described in, and who executed, the within and foregoing instrument, and known to me to be the same person whose name is subscribed to the foregoing instrument, and acknowledged that he executed the same and that he executed, signed, sealed and delivered the said instrument as his free and voluntary act and deed, for the uses and purposes therein set forth.

~~GIVEN~~ under my hand and official seal this 12th day of March, A. D. 1927.



A. P. Nickels, Notary Public.

My commission expires May 15, 1928.