RELEASED 4-13-2004 SEE BOOK 2004 PAGE 1576

SUPPLEMENTAL INDENTURE

IOWA SOUTHERN UTILITIES COMPANY OF DELAWARE
(A Delaware Corporation)
AND
THE NORTHERN TRUST COMPANY
AND
SHELDON A. WEAVER, AS TRUSTEES.

*Dated May 2, 1940*

Filed for Record the 31 day of July

A. D. 1940, at 10:33 o'clock A.M.

Pearl E. Shetterly, Recorder

#4099

By Wilma M. Wade, Deputy

Recording Fee, $ 55.70

**THIS SUPPLEMENTAL INDENTURE**, dated as of the 2nd day of May, 1940, between IOWA SOUTHERN UTILITIES COMPANY OF DELAWARE, a corporation organized and existing under the laws of the State of Delaware (hereinafter called the "Company"), party of the first part, and THE NORTHERN TRUST COMPANY, a corporation organized and existing under the laws of the State of Illinois, and Sheldon A. Weaver, as Trustees (both of whom are hereinafter referred to as the "Trustees", the first mentioned of whom is hereinafter referred to as the "Corporate Trustee", and the last mentioned of whom, together with his predecessor in the trust, Harold H. Rockwell, are hereinafter referred to as the "Individual Trustee"), parties of the second part.

WITNESSETH,

WHEREAS, a certain Indenture (hereinafter sometimes termed the "Original Indenture") dated as of the first day of February, 1923, was made between the Company, as party of the first part, and The Northern Trust Company and Harold H. Rockwell as Trustees, as parties of the second part, whereby the Company mortgaged and pledged to the said Trustees and their successors in trust and assigns, all and singular its properties, real, personal, and mixed, then owned, or which might thereafter be acquired (except certain property expressly excepted and reserved from the lien thereof) for the purpose of securing the payment of the principal and interest of all bonds at any time issued and outstanding under the Original Indenture and to secure the performance and observance of all the convenants and conditions upon which the said bonds might be issued, received and held, in trust, and subject to the agreements, covenants and conditions expressed in the Original Indenture, which Original Indenture or indentures supplemental thereto were duly recorded in the following counties in the State of Iowa, Clarke, Monroe, Union, Lucas, Louisa, Ringgold, Appanoose, Keokuk, Wayne, Taylor, Poweshiek, Jasper, Washington, Des Moines, Decatur, Wapello, Jefferson, Van Buren, Adams, Mahaska, Madison, Adair, Henry and Warren, and

WHEREAS, pursuant to the provisions of Section 4 of Article XIV of the Original Indenture by an instrument in writing dated

2

April 10, 1939, duly executed by The Northern Trust Company as Trustee, by its Vice President under its seal, said Harold H. Rockwell was removed as Individual Trustee under the Original Indenture and S. A. Weaver (Sheldon A. Weaver) was appointed successor in the trust to the said individual Trustee, and

WHEREAS, subsequent to the date of the Original Indenture, certain indentures supplemental to or amendatory of the Original Indenture have been made, executed, and delivered by the Company to The Northern Trust Company and Harold H. Rockwell as Trustees, dated respectively, March 15, 1924, July 20, 1925, July 25, 1925, February 4, 1926, July 27, 1926, November 1, 1935 and June 10, 1938, by one or more of which indentures additional series of bonds issuable under the Original Indenture have been created and additional property has been subjected to the lien of the Original Indenture by specific descriptions, and

WHEREAS, the Original Indenture provided for the issuance of bonds thereunder of various series and created a series of bonds known as "First and Refunding Mortgage Gold Bonds, Series of 1923," none of which are now outstanding, all of the bonds of said series then outstanding having been heretofore duly called for redemption and redeemed, and

WHEREAS, the Original Indenture in Section 2 of Article V provides: "In case all of the bonds at any time issued and outstanding are called for redemption, and the moneys for such purpose deposited with the Trustees, the Trustees shall, upon demand of the Company, release this Indenture and discharge the property herein described from any and all lien by reason of the execution of this Indenture or the issue of the bonds thereunder," and

WHEREAS, by an indenture supplemental to the Original Indenture, dated as of July 25, 1925, there was created an additional series of bonds, designated "First and Refunding Mortgage 5½% Gold Bonds, Series of 1925," of which there have been issued and were outstanding as of May 1, 1940, $7,767,900 aggregate principal amount; and the said supplemental indenture provided

3

for the redemption of all bonds of said series at the option of the Company, in the manner provided therein and further provided that "if the amount necessary to redeem any bond called for redemption as aforesaid shall have been deposited with the said Corporate Trustee for the account of the holder of such bond on or before the date specified for such redemption, and the notice hereinbefore provided shall have been duly given, the interest shall cease to accrue upon such bond after the date of redemption specified in such last mentioned notice, and any coupons for interest subsequent to that date shall be and become void and thereafter such bonds and coupons shall not be entitled to any benefit of or from this Indenture," and

WHEREAS, by an indenture supplemental to the Original Indenture, dated as of November 1, 1935, there was created an additional series of bonds, designated "First and Refunding Mortgage 5½% Bonds, Series of 1935," of which there have been issued and were outstanding as of May 1, 1940, $5,000,000 aggregate principal amount; and the said supplemental indenture provided for the redemption of all bonds of said series at the option of the Company, in the manner provided therein and further provided that "if the amount necessary to redeem any such bonds, so called for redemption as aforesaid, shall have been deposited with the Corporate Trustee, for the account of the holders of such bonds on or before the date specified for such redemption, and the notice of redemption hereinbefore provided for shall have been duly given or the Corporate Trustee shall have been irrevocably authorized, for and in the name of and on behalf of the Company, duly to give such notice, and shall have been paid its expenses and charges in connection therewith, interest shall cease to accrue on such bonds from and after the date of redemption specified in such notice and any coupon maturing subsequent to such date shall be and become void, and, from and after the date of such deposit with the Corporate Trustee, and such notice of redemption, or such authorization and payment to the Corporate Trustee, such bonds and coupons shall not be entitled to any benefit of or from this Supplemental Indenture, or the Original Mortgage," and

4

WHEREAS, by an indenture supplemental to the Original Indenture, dated as of May 1, 1940, the Company created an additional series of bonds to be issued under the Original Indenture, designated "First Mortgage Bonds, 4% Series due May 1, 1970" and intends to call for redemption and to redeem all of the outstanding bonds of the aggregate principal amount of $12,767,900 of the two series hereinabove recited, designated "First and Refunding Mortgage 5½% Gold Bonds, Series of 1925" and "First and Refunding Mortgage 5½% Bonds, Series of 1935," and to issue under the provisions of Section 1 of Article II of the Original Indenture, an aggregate principal amount of $10,000,000 of bonds of the Series so created, designated "First Mortgage Bonds, 4% Series due May 1, 1970", in lieu of such bonds so to be redeemed, and

WHEREAS prior to or concurrently with the authentication and delivery by the Corporate Trustee of such initial issue of $10,000,000 aggregate principal amount of First Mortgage Bonds, 4% Series due May 1, 1970, the Company has deposited or caused to be deposited with the Corporate Trustee in trust for the account of the holders of all the outstanding bonds of the said two series so to be called for redemption and redeemed, the full amount of funds required to redeem all such bonds, with principal, premium and interest accrued to the redemption dates, together with the expenses and charges of the Corporate Trustee in connection with said redemption, and has irrevocably authorized the Corporate Trustee for and in the name of and on behalf of the Company, duly to give notice of redemption of such bonds, in the manner provided in the Original Indenture and the respective supplemental indentures creating the respective series, and has taken or will take all other action prerequisite to the redemption of all of such bonds, and

WHEREAS, the redemption date fixed for the "First and Refunding Mortgage 5½% Gold Bonds, Series of 1925" is January 1, 1941, and the redemption date fixed for the "First and Refunding Mortgage 5½% Bonds, Series of 1935" is November 2, 1940, and

WHEREAS, the Company intends to issue and sell to one or more Underwriters all of the $10,000,000 aggregate principal amount of such initial issue of First Mortgage Bonds, 4% Series due May 1, 1970, who will concurrently with the issue and sale thereof consent to the amendment of the Original Indenture as hereinafter in this Supplemental Indenture provided, and

WHEREAS, the Original Indenture provides in Section 5 of Article XIV that from time to time the holders of three-fourths in amount of all bonds thereby secured at the time outstanding, by an instrument or instruments signed by such holders, shall have power, with the written approval of the Trustees, (a) to assent to and authorize the release of any part of the property mentioned in the Original Indenture and conveyed to or held by the Trustees under the Original Indenture, and also (b) to assent to and authorize any modification of the provisions of the Original Indenture that shall be proposed by the Company and approved by the Trustees, and that any action taken with the assent or authority given as aforesaid shall be binding upon the holders of all the bonds secured by the Original Indenture and upon the Trustees as fully as though such action were specifically and expressly authorized by the terms and conditions of the Original Indenture, and

WHEREAS, the Company proposes to amend the Original Indenture as heretofore supplemented and amended by the supplemental and amendatory indentures hereinabove recited, in the manner provided in this Supplemental Indenture with the approval of the Trustees and the consent of all holders of said $10,000,000 aggregate principal amount of First Mortgage Bonds, 4% Series due May 1, 1970, initially issued, and also to release from the lien of Original Indenture certain property which may be generally described as the interurban electric railway properties now subject to the lien thereof, and all other street railway and interurban railway systems now owned or hereafter constructed or acquired by the Company, and

WHEREAS, the said $10,000,000 aggregate principal amount of First Mortgage Bonds, 4% Series due May 1, 1970 at the time of the execution and delivery of this Supplemental Indenture will constitute all of the bonds outstanding under the Original Indenture exclusive of the bonds redeemed or to be redeemed, as hereinabove recited,



NOW, THEREFORE, in order to secure the principal of and interest on all bonds issued and outstanding from time to time under the Original Indenture, as hereby amended, according to their tenor and effect and the terms of this Supplemental Indenture, and the performance of the covenants and obligations herein contained and in consideration of the acceptance of such bonds by the holders thereof, and of One ($1.00) Dollar in hand paid by the Trustees to the Company upon the execution and delivery of this Supplemental Indenture, the receipt whereof is hereby acknowledged, it is hereby agreed by and between the parties hereto as follows:

## PART I.

There is hereby released from the lien of the Original Indenture and excepted from the lien of the Original Indenture, as amended by this Supplemental Indenture the following:

(1) the property described in the Original Indenture as follows:

> "*Eight.* The street railway and interurban railway system of the Company in the City of Centerville, and extending thence from said City of Centerville to its terminus in the City of Albia, County of Monroe and State of Iowa, and also extending from the City of Centerville to the Town of Mystic, in the County of Appanoose and State of Iowa, and any other street railway and interurban railway systems now owned or hereafter constructed or acquired by the Company, and any additions to or extensions of any such existing or future street railway and interurban railway systems, together with all of the roadbed, railroads, rights-of-way, rails, tracks, ties, bolts, connections, poles, wires, cross-arms, insulators, rolling stock, equipment, car barns, buildings, erections, structures, stations, sub-stations, sidings, spurs, turntables, wyes, trestles, bridges, viaducts, culverts, repair shops, machine shops, overhead construction, power producing and power transmitting equipment, appliances, tools, instruments, apparatus, machinery, facilities and other property used or



> provided for use in the construction, maintenance, repair and operation thereof, both that now owned and that which may hereafter be acquired by the Company, and together also with all of the rights, privileges, franchises, licenses, ordinances, liberties, immunities, permits, easements and grants 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 granted by the City of Centerville), with respect to the construction, maintenance, repair and operation of said street railway and interurban railway systems and the additions thereto and extensions thereof; * * *."

and

(2), all electric railway, street railway and interurban railway systems, now or hereafter owned, constructed, or acquired by the Company, together with any additions to or extensions of any existing or after-acquired electric railway, street railway and interurban railway systems and all property, real, personal or mixed, exclusively used in the operation, construction, maintenance, and repair, of all such railway system or systems, including (without in any manner limiting or impairing by the enumeration of the same the scope and intent of the foregoing) all rolling stock, rights-of-way, tracks, roadbeds, poles, wires, cross-arms, insulators, carbarns, repair shops, machine shops, stations and other buildings, overhead construction, power producing and power transforming equipment, tools, stores, apparatus, materials and supplies and also all rights, privileges, franchises, licenses, ordinances, easements and grants whether now owned or hereafter acquired with respect to the operation, construction, maintenance and repair of such railway systems and the additions thereto and the extensions thereof, and

(3) all bonds, notes, obligations, evidences of indebtedness, shares of stock, and other securities and certificates or evidences of interest therein not at the date of this Supplemental Indenture specifically pledged and deposited with the Corporate Trustee



or the Trustees under the Original Indenture and not subsequently to the date hereof specifically transferred or assigned to or pledged or deposited with the Corporate Trustee or the Trustees under the Original Indenture.

The following enumerates the securities specifically pledged and deposited with the Trustees under the Original Indenture at the date of this Supplemental Indenture which are not released from the lien of the Original Indenture:

(a) Securities issued by the Albia Light and Railway Company, a corporation of the State of Delaware:

4,500 shares of 7% Cumulative Preferred Stock of the par value of $100.00 each.

$140,000.00 principal amount of First Mortgage 5% Gold Bonds Due July 1, 1941.

Promissory notes payable on demand to the order of Iowa Southern Utilities Company of Delaware bearing interest at the rate of 6% per annum:

| | |
|---|---|
| One dated December 30, 1933, reduced to........ | $ 4,000 |
| One dated December 31, 1934, for.................... | 12,500 |
| One dated July 1, 1935, for................................ | 3,500 |
| | $20,000 |

(b) Securities issued by National Light & Power Company Limited, a corporation of the Dominion of Canada:

$125,000.00 principal amount 6% Gold Notes Due May 1, 1946.

(c) Securities issued by Sterling Gas & Electric Company Limited, a corporation of the Province of Saskatchewan, Dominion of Canada:

One promissory note dated November 30, 1935 payable to the order of the Iowa Southern Utilities Company of Delaware, bearing interest at the rate of 2% per annum in the principal amount of $1,064,485.00, payable in the following installments:

| | |
|---|---|
| December 31, 1946 | $60,000.00 |
| December 31, 1947 | 61,200.00 |
| December 31, 1948 | 62,400.00 |
| December 31, 1949 | 63,600.00 |
| December 31, 1950 | 64,900.00 |
| December 31, 1951 | 66,200.00 |
| December 31, 1952 | 67,500.00 |
| December 31, 1953 | 68,900.00 |
| December 31, 1954 | 70,200.00 |
| December 31, 1955 | 71,700.00 |
| December 31, 1956 | 73,100.00 |
| December 31, 1957 | 74,600.00 |
| December 31, 1958 | 76,000.00 |
| December 31, 1959 | 77,600.00 |
| December 31, 1960 | 79,100.00 |
| December 31, 1961 | 27,485.00 |

The said note is secured by 110,993 shares of Common Stock of National Light & Power Company Limited accompanied by a collateral agreement dated November 30, 1935, in which is incorporated by reference a contract between Sterling Gas & Electric Company Limited and Iowa Southern Utilities Company of Delaware dated November 30, 1935.

## PART II.

The lien of the Original Indenture shall continue and remain in full force and effect upon the terms, conditions and trusts expressed and set forth in the Original Indenture as amended by this Supplemental Indenture upon all of the property, real, personal and mixed of the Company, mortgaged and pledged by the Original Indenture or heretofore mortgaged or pledged in and by any indenture supplemental to the Original Indenture, except such property as may have been heretofore expressly released or dis-



Section 2. The term the "Company" shall mean the party of the first part hereto, Iowa Southern Utilities Company of Delaware, and shall also include its successors and assigns.

The term the "Trustees" shall mean The Northern Trust Company, one of the parties of the second part hereto, and Harold H. Rockwell, originally one of the parties of the second part hereto, and shall also include their respective successors as of any particular time, in the trusts hereby created and also all other persons appointed as trustee or trustees hereunder under any provision hereof serving as of any particular time as trustee or trustees hereunder.

The term the "Corporate Trustee" shall mean The Northern Trust Company, one of the parties of the second part, and shall also include its corporate successor or successors in the trusts hereby created and reposed in it.

The term the "Individual Trustee" shall mean Harold H. Rockwell, originally one of the parties of the second part, and shall also include his successor or successors as of any particular time, in the trusts hereby created and reposed in him, including Sheldon A. Weaver, appointed successor to Harold H. Rockwell by an instrument dated April 10, 1939.

The term the "Original Indenture" shall mean a certain Indenture of Mortgage dated as of the first day of February, 1923, made between the Company, as party of the first part, and The Northern Trust Company and Harold H. Rockwell, as Trustees, as parties of the second part.

The terms "the Indenture" and "this Indenture" shall mean the Original Indenture as amended by the Supplemental Indenture between the Company and The Northern Trust Company and Sheldon A. Weaver as Trustees, dated as of May 2, 1940 and as supplemented by a Supplemental Indenture between the Company and The Northern Trust Company and Sheldon A. Weaver as Trustees, dated May 1, 1940, creating a series of bonds designated "First Mortgage Bonds, 4% Series due May 1, 1970."

The term "Series due May 1, 1970" shall mean the series of bonds created by the Supplemental Indenture between the Company and The Northern Trust Company and Sheldon A. Weaver as Trustees, dated May 1, 1940, providing for the issue of bonds



charged from the lien of the Original Indenture, and except such property as is excepted from the lien thereof by the provisions thereof, and except also such property as is released or discharged from the lien of the Original Indenture by this Supplemental Indenture; and for the purpose of so confirming and reaffirming the lien of the Original Indenture upon the property of the Company as aforesaid, the Company has granted, bargained, sold, warranted, conveyed, transferred, mortgaged, pledged, and assigned, and by these presents does grant, bargain, sell, warrant, convey, transfer, mortgage, pledge and assign unto the Trustees and their respective successors in said Trust, upon the terms of the Original Indenture as amended by this Supplemental Indenture, all of the property, real, personal and mixed of the Company mortgaged and pledged in the Original Indenture or by any indenture or other instrument supplemental thereto, executed by the Company, or to which the Company has been a party prior to the date of this Supplemental Indenture, (including property acquired or to be acquired by the Company after the date of the execution of the Original Indenture as therein recited and expressed), except such property as may have been heretofore expressly released or discharged from the lien of the Original Indenture, and except such property as is excepted from the lien thereof by the provisions thereof, and except also such property as is released and discharged from the lien of the Original Indenture by this Supplemental Indenture.

## PART III.

Articles I to XIV, both inclusive, of the Original Indenture, are hereby amended so as to be and read as follows:

### ARTICLE I.

#### Definitions.

Section 1. The terms specified in the next succeeding nine sections hereof, numbered from 2 to 10, both inclusive, shall, for all purposes of this Indenture (unless the context otherwise requires), have the meanings in such sections specified.



of the said Series due May 1, 1970, and setting forth the form and terms thereof.

The terms "the lien hereof" and "the lien of this Indenture" shall mean the lien created by this Indenture (including the after-acquired property clauses hereof) and the lien created by any concurrent or subsequent conveyance to the Trustees hereunder (whether made by the Company or any other individual, copartnership or other corporation) effectively constituting any property a part of the security held by the Trustees upon the terms and trusts and subject to the conditions specified in this Indenture.

Section 3. The term "resolution" shall mean a resolution or a copy thereof, certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors of the Company. Anything in this Indenture to the contrary notwithstanding whenever any action is specified herein to be taken by the Board of Directors of the Company, such action may be taken by an executive committee or other committee of the Company, and whenever a certified copy of a resolution of Board of Directors is required to be submitted by the terms of this Indenture, the Company may submit in lieu thereof, a certified copy of a resolution adopted by the executive committee or such other committee, provided an executive committee or such other committee of the Company has been properly elected or appointed in accordance with law and the by-laws of the Company and has the power requisite to take such action. The term "engineer" shall mean an individual or a copartnership or a corporation engaged in an engineering business. The term "engineer's certificate" shall mean a certificate signed and verified by the President or a Vice President of the Company and by an engineer or an appraiser (who may be an employee of the Company) appointed by the Board of Directors of the Company and conforming to the requirements of Section 11 of this Article in addition to other applicable requirements of this Indenture. The term "independent engineer's certificate" shall mean a certificate signed and sworn to by an independent engineer or other independent appraiser appointed by the Board of Directors of the Company and selected or approved by the Trustee and conforming to the requirements of Section 11 of this Article in addition to other applicable requirements of this Indenture. The term "opinion of counsel" shall mean an opinion in writing signed by legal counsel (who may be of counsel of the Company) appointed by the Board of Directors of the Company and approved by the Trustee and conforming to the requirements of Section 11 of this Article in addition to other applicable requirements of this Indenture. Any opinion of counsel given as to title to property may be based, in whole or in part, upon any Torrens Certificate, or upon any guaranty policy, certified abstract, certificate or opinion issued or rendered by any person, firm or corporation while engaged in the business of insuring or guaranteeing titles to property, or upon the opinion of other counsel; provided that in each case such opinion of counsel shall state that the signer believes the person, firm, corporation or other counsel issuing, rendering or giving such guaranty policy, certified abstract, certificate or opinion is reputable and one upon whom he may properly rely. The term "Treasurer's certificate" shall mean a certificate signed and verified by the President or a Vice President and by the Treasurer or an Assistant Treasurer of the Company and conforming to the requirements of Section 11 of this Article in addition to other applicable requirements of this Indenture. The term "independent accountant's certificate" shall mean a certificate signed by an independent public accountant appointed by the Board of Directors of the Company and selected or approved by the Trustee and conforming to the requirements of Section 11 of this Article in addition to the other applicable requirements of this Indenture.

SECTION 4. The term "permanent additions" shall mean all property, real, personal or mixed, including therein (without in anywise limiting or impairing by the enumeration of the same, the scope and intent of the foregoing except as hereinafter specifically limited) all lands, buildings, plants, power houses, dams, reservoirs, stations, lines, pipes, mains, cables, machinery, pumps, transmission lines, pipe lines, rights of way, distribution systems, substations, transformers, service systems and supply systems, wires, poles, cross-arms, apparatus of all kinds and description, and improvements, extensions and additions, including operating public



utility properties acquired as an entirety, made, acquired, constructed or erected by the Company subsequently to April 30, 1940, or in the process of construction or erection in so far as actually constructed or erected subsequently to April 30, 1940, and used or to be used in the business of generating, manufacturing, storing, transporting, transmitting, distributing or supplying electricity, and/or gas and/or steam for light, heat, power, refrigeration or other puposes.

The term "permanent additions" shall not include

(1) any merchandise or appliances held for sale to customers or others, or any property not subject to the lien of this Indenture other than paving, grading and other improvements to public properties;

(2) any shares of stock, bonds, evidences of indebtedness or other securities, or franchises or contracts;

(3) any stock of goods, wares and merchandise acquired for the purpose of consumption in the operation, construction or repair of any of the properties of the Company and not chargeable to capital investment by sound accounting practices;

(4) any property not used or to be used in the business of generating, manufacturing, storing, transporting, transmitting, distributing or supplying electricity and/or gas and/or steam for light, heat, power, refrigeration or other purposes;

(5) any property acquired as an operating entirety unless either (a) it is located in the State of Iowa or (b) it is located in a state bordering on the State of Iowa and is physically connected or capable of being physically connected with properties owned and operated by the Company located in the State of Iowa;

(6) any property made, acquired, constructed, or erected by the Company in keeping or maintaining the mortgaged property in good repair, working order and condition or merely to renew, replace or offset old, inadequate, obsolete, worn out



or abandoned property; provided, however, that whenever any such property is renewed, replaced or offset by the substitution of other property costing more than an amount equivalent to the cost (or if such cost cannot be ascertained, an amount estimated by an engineer of the Company to be such cost or to have been the reasonable value at the date of acquisition) of the property renewed, replaced or offset by the substitution of other property, then to the extent of such excess, and to such extent only, such property so made, acquired, constructed or erected shall be deemed permanent additions.

SECTION 5. The term "permitted liens" shall mean and include as of any particular time (a) mortgage or other liens upon easements or rights-of-way for transmission or distribution line purposes which have not been assumed by the Company and on which it does not customarily pay interest charges, (b) undetermined liens and charges incidental to construction, except such as may result from any delinquent obligation of the Company for the payment of money on account of such construction, (c) the lien of taxes for the then current year, (d) the lien of taxes and assessments not delinquent and (e) the lien of taxes and assessments due, or to become due, the validity of which is being contested at the time by the Company in good faith, provided that the Company shall have filed with the Corporate Trustee an opinion of counsel to the effect that none of the mortgaged and pledged property will be lost or forfeited thereby.

The term "prepaid liens" shall mean and include any lien upon the property of the Company prior to the lien of this Indenture, moneys for the payment, satisfaction or redemption whereof have been deposited as provided in this Section. In case at any time there shall be outstanding any indebtedness which is secured by a lien, prior to the lien of this Indenture, upon permanent additions, or other property of the Company, the Company may deposit in trust with the Corporate Trustee, to be held, until used or applied as hereinafter provided, or in trust with such other banking institution and in such other manner as shall be satisfactory to the Corporate Trustee, a sum of money sufficient either



(1) to pay the principal of said indebtedness and the interest thereon to its maturity, or (2) to effect the redemption of such indebtedness before maturity, if the same is subject to redemption, with interest to such redemption date. Upon any such deposit being made, said indebtedness shall, for all purposes of this Indenture except the application of said deposit as herein provided, be deemed to have been paid and shall not be deemed to be outstanding, provided, that in case of deposit to effect a redemption a sufficient call for such redemption, or provision satisfactory to the Corporate Trustee for making such call, shall first be made. Any such money so deposited shall be applied by the depositary with whom it shall have been deposited from time to time to the payment of the principal and interest or to the redemption of such indebtedness, or be repaid to the Company proportionately as such indebtedness shall be paid or reduced or ascertained by determination of any person or body having jurisdiction in the premises to be in whole or in part invalid, upon delivery to the depositary of a satisfaction of such lien, or of evidences of indebtedness secured by such lien duly canceled or for cancellation, or of, if ascertained to be in whole or in part invalid, a certified copy of the instrument evidencing the determination of such person or body determining the invalidity or the extent of the invalidity, as the case may be, accompanied by a concurring opinion of counsel as herein defined, or in lieu of any of the above such evidence of payment, reduction or ascertainment of invalidity of such indebtedness as shall be satisfactory to the depositary and the Corporate Trustee hereunder.

SECTION 6. The term "earnings applicable to bond interest" shall mean and include the following items computed as hereinafter set forth:

1. The net operating income and revenue of the Company derived from the operation of properties used in the business of generating, manufacturing, storing, transporting, transmitting, supplying, selling or otherwise acquiring or disposing of electricity, gas or steam for light, heat, power, refrigeration or other purposes and in the business of supplying

transportation by the operation of electric railways, street railways and interurban railways and buses, not, however, including income derived from the purchase and sale of merchandise and appliances acquired for the purpose of sale to customers and others;

2. The net operating and non-operating income and revenue of the Company from all other sources including that derived from the purchase and sale of merchandise and appliances acquired for the purpose of sale to customers and others;

provided that the amount included in earnings applicable to bond interest under the foregoing subdivision 2 shall not exceed 15% of the amount included under the foregoing subdivision 1 of this Section 6.

The net operating income and revenue of the Company to be included in earnings applicable to bond interest shall be computed by deducting from the gross operating income and revenue of the Company from the sources in respect of which the computation is made all operating expenses incurred in connection therewith including in operating expenses salaries, rentals, taxes (except as hereinafter provided), insurance charges, license fees and actual expenditures for ordinary repairs and maintenance. Interest charges, income taxes or other taxes imposed on income only after the deduction of interest charges, taxes on mortgage debt, state taxes refunded to bondholders, appropriations for reserves for renewals, replacements, retirements, depreciation or depletion, amortization of debt discount, premium and expense and brokerage and commission on the sale of capital stock shall not be included in such deductions.

In all computations of earnings applicable to bond interest there shall be eliminated profits realized or loss sustained from the sale or other disposition of capital assets.

In case any property is owned by the Company at the time of the authentication and delivery of any bonds applied for or the withdrawal of any cash in connection with which a net earnings certificate is required. although not owned during the whole or any part of the period for which the computation of earnings



applicable to bond interest is made, then the net earnings or income of such property during the whole of such period computed as hereinabove provided, may at the option of the Company be included in "earnings applicable to bond interest" for all purposes of this Indenture; provided that in the event that any such property has been acquired in exchange or substitution for property released from the lien hereof or through the use of cash deposited with the Corporate Trustee under any of the provisions hereof other than cash deposited as a basis for the issuance of bonds hereunder under the provisions of Article VII hereof, then and in that event the earnings from the property released or which is represented by such cash shall be excluded from "earnings applicable to bond interest."

The term "net earnings certificate" shall mean a certificate signed and sworn to by the President or a Vice President and by the Treasurer or an Assistant Treasurer of the Company, and, unless one of such signers is an accountant, by an accountant (who may be an employee of the Company) appointed by the Board of Directors of the Company, stating the amount of "earnings applicable to bond interest" for a specified period, computed as provided in this Section, and showing, in reasonable detail, how the same has been calculated and to that end specifying:

(a) The amount of the gross operating income and revenue of the Company derived from the operation of properties of the character specified in the foregoing clause 1 of this Section 6.

(b) The amount deducted therefrom on account of operating expenses of the Company incurred in connection therewith.

(c) The amount of the net operating and non-operating income and revenue of the Company from all sources other than that set forth under the foregoing clauses (a) and (b) including that derived from the purchase and sale of merchandise and appliances acquired for the purpose of sale to customers and others.

(d) The amount, if any, deducted from the aggregate of the net operating and non-operating income and revenue of



the Company from all sources pursuant to the requirement of this Section that the amount included in earnings applicable to bond interest under clause 2 above shall not exceed 15% of the amount included under clause 1 of this Section 6.

SECTION 7. The term "cost" as applied to permanent additions, as herein defined, and used in any certificate herein provided for, shall be computed as of any particular date to be the amounts paid, expended or incurred by the Company in the making, acquisition, construction or erection thereof, including the installation thereof ready for operation, and added to the fixed capital or utility plant accounts of the Company according to the pertinent classification of accounts prescribed by any commission or other governmental authority to the jurisdiction of which the Company may at the time be subject, or, in the absence of such governmental authority, according to sound accounting methods, plus the amount of any obligations payable in money delivered by the Company or assumed or agreed to be paid by the Company in connection with the purchase, acquisition, construction or erection of the same or subject to which the same are or may be so purchased, acquired, constructed or erected plus all other capital charges allowable in connection therewith according to sound accounting methods; provided that any such obligations, once included in the cost of any permanent additions made the basis for the issuance of bonds or the release of property from the lien hereof or the withdrawal of cash under any provision of this Indenture, may not thereafter be included in the cost of any other permanent additions. In the event that the Company shall at any time acquire any permanent additions in consideration, in whole or in part, of its own capital stock, the reasonable value of such stock may, at the option of the Company, be included in the cost of such permanent additions. The reasonable value of any such stock shall be ascertained as follows: The Company shall appoint one or more persons, satisfactory to the Corporate Trustee, to determine the reasonable value of such stock on the date or dates of its delivery, which determination shall be evidenced by a certificate signed by such person or persons so appointed and filed with the Corporate Trustee, stating the reasonable value of such



stock in the opinion of such person or persons. Such person or persons shall not be officers of the Company or be persons who are in the employ of the Company for any other purpose. Such certificate shall be conclusive evidence of the reasonable value of such stock for purposes of this Indenture.

The cost of any permanent additions comprising all or substantially all of the property and assets acquired by the Company as an entirety from any other corporation, may, at the option of the Company, include the cost to the Company of the acquisition of any stock or other securities of such corporation which is surrendered or cancelled, or surrendered for cancellation, by the Company in connection with the acquisition of the property and assets of such other corporation.

In the event that any permanent additions acquired by the Company subsequently to April 30, 1940, shall consist of an operating public utility property acquired as an entirety or substantially as an entirety, the cost thereof shall be deemed to include the cost of any franchises or other rights or intangible property acquired simultaneously therewith for which no separate or distinct consideration shall have been paid or apportioned.

SECTION 8. The term "fair value" as applied to any property (including obligations for the payment of money, or other securities) in respect of which the fair value is to be ascertained under any provision of this Indenture, shall mean the fair and reasonable value of such property, obligations or securities to the Company in the opinion of the person making the determination.

In case such fair value of any property shall be stated under any provision of this Indenture both in an engineer's certificate and in an independent engineer's certificate, the fair value of such property as stated in the independent engineer's certificate shall control and shall be deemed the fair value thereof for all purposes of this Indenture.

SECTION 9. The term "outstanding" used with reference to the bonds issued under this Indenture, shall mean as of any particular time all bonds which have been theretofore authenticated and delivered hereunder and which have not been cancelled or cremated by the Corporate Trustee or surrendered to the Corporate Trustee for cancellation or cremation, except bonds in respect of which provision for the redemption thereof shall have been made and to the credit whereof sums have been placed as provided in Article IX hereof, and bonds to the credit whereof sums have been placed as provided in Section 5 of Article XX hereof, and except that in determining the bonds outstanding there shall not be included bonds at any time previously authenticated and delivered hereunder in lieu of, or in exchange and substitution for, which any new bonds have been authenticated and delivered, as provided in Section 12 of Article II of this Indenture, or coupon bonds which are held uncancelled by the Corporate Trustee for exchange for outstanding registered bonds without coupons.

Section 10. The term "outstanding" as used in this Indenture with reference to any indebtedness which is secured by any lien for the payment of money or its equivalent prior to the lien of this Indenture shall not include indebtedness or the evidences thereof then held alive in any sinking fund established for the retirement thereof or pledged as security for other indebtedness so secured or for the redemption or payment of which funds have been deposited in trust provided that in case any such indebtedness shall be pledged as aforesaid there shall be included as outstanding the indebtedness as security for which said indebtedness shall be so pledged.

Section 11. Each engineer's certificate, independent engineer's certificate, opinion of counsel, Treasurer's certificate, independent accountant's certificate and net earnings certificate and each other certificate and opinion delivered to the Trustees or any of them under any of the provisions of this Indenture for the purpose of furnishing to the Trustee evidence with respect to compliance with a condition (including a condition precedent) or a covenant provided for herein shall include:

(1) A statement that the person making such certificate or opinion has read the pertinent condition or covenant of this Indenture pursuant to which, or to furnish evidence with respect to compliance with which, such certificate or opinion



is so furnished, specifying such pertinent covenant or condition by appropriate reference to the Indenture;

(2) A statement that in the opinion of such person he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with and a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) A statement as to whether or not in the opinion of such person such condition or covenant has been complied with.

Any such certificate or opinion of an officer of the Company may be based, in so far as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known were erroneous. Any such certificate or opinion of counsel may be based, in so far as it relates to factual matters, information with respect to which is in the possession of the Company, upon the certificate or opinion of or representations by an officer or officers of the Company, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known were erroneous.

## ARTICLE II.

### Form and Execution of Bonds.

Section 1. This Indenture creates a continuing lien to secure the full and final payment of the principal of and interest on all bonds that may from time to time be authenticated and delivered



by the Corporate Trustee and issued hereunder and that shall remain outstanding hereunder. Save as is herein or may be by law provided the aggregate principal amount of bonds of all series, or of any particular series, that may be so authenticated and delivered by the Corporate Trustee and issued hereunder and that may be outstanding hereunder is not limited, provided, however, that the aggregate principal amount of bonds of all series or of any particular series which may be so authenticated and delivered by the Corporate Trustee and issued hereunder may at any time, at the election of the Company, evidenced by an indenture supplemental hereto executed by the Company and delivered to the Trustees be limited to such aggregate principal amount as may be specified in such instrument, but not less than the aggregate principal amount of such bonds then issued and outstanding hereunder.

Section 2. At the option of the Company the bonds issued hereunder may be issued in one or more series. Subject to the provisions of the Supplemental Indenture dated May 1, 1940 creating the series due May 1, 1970, the text of the bonds of different series and the terms, conditions and provisions applicable thereto and the rights of the holders and registered owners thereof may vary as between series in respect of any one or more or all of the particulars hereinafter enumerated in clauses lettered (a) to (s) inclusive of this Section, such particulars being herein sometimes termed "variable provisions of series," to wit:

(a) The designation of the series and the full title to be borne by the bonds of the series.

(b) The date to be borne by the coupon bonds of the series.

(c) The date or dates of maturity of the bonds of the series.

(d) The rate or rates of interest to be borne by the bonds of the series.

(e) The date or dates of payment of interest on the bonds of the series.

(f) The currency or currencies in which the principal of or the interest on the bonds of the series or both principal



and interest shall be payable whether such currency be of the United States of America or of another country or countries.

(g) The place or places of payment of either the principal of or interest on the bonds of the series or of both principal and interest.

(h) The maximum aggregate principal amount, if any, of the bonds of the series.

(i) The right of registration as to principal appertaining to coupon bonds of the series of one or more denomination or denominations. Such right of registration as to principal may be made applicable to the coupon bonds of one or more denominations and withheld from coupon bonds of other denominations.

(j) The place or places for the registration of bonds of the series registerable as to principal only, or as to both principal and interest.

(k) Provisions as to the issuance of bonds of the series as coupon bonds or as registered bonds without coupons or both and the denomination or denominations of bonds of either or both forms.

(l) Provisions in respect of exchangeability or interchangeability of the coupon bonds of the series of one or more denominations for or with other coupon bonds of the series of another denomination or denominations, or of registered bonds without coupons of the series of one or more denominations for or with other registered bonds without coupons of the series of another denomination or denominations, or of the coupon bonds of the series of one or more denomination or denominations for or with registered bonds without coupons of the series of one or more denomination or denominations. The privilege of exchange or interchange between or among such bonds may in any case be made subject to any conditions, limitations or restrictions that shall be determined by the Board of Directors of the Company or an Executive Committee thereof and such privileges may in any case be conferred upon the holders of bonds of one or more denominations and withheld from the holders of bonds of other denominations of the same series.

(m) The price or prices and terms and conditions of redemption of the bonds of the series, if redeemable; provided that the provisions of Article IX hereof relating to the redemption of bonds shall apply to the bonds of all series unless in the supplemental indenture creating a particular series some other and different redemption provisions shall be made applicable to the bonds of such series.

(n) Provisions for the payment of the principal of or interest on the bonds of the series or both principal and interest without deduction for such taxes, assessments or other governmental charges and to such extent and upon such terms and conditions as shall be determined by the Board of Directors or an Executive Committee thereof.

(o) Provisions for refunding or reimbursing to the holders or registered owners of the bonds of the series such taxes, assessments or other governmental charges and to such extent and upon such terms and conditions as shall be determined by the Board of Directors or an Executive Committee thereof.

(p) Provisions for sinking fund, amortization fund, special trust fund, depreciation, maintenance and renewal fund or other analogous fund for the purchase, redemption or other retirement of the bonds of the series.

(q) Provisions for the exchange or conversion of the bonds of the series for other bonds issuable hereunder of a different series, or for the exchange or conversion thereof into shares of stock of the Company or of a successor corporation or other securities at such times and upon such terms and subject to such adjustments as shall be determined by the Board of Directors of the Company or an Executive Committee thereof.

(r) Provisions in respect of the rights or options, if any, pertaining to the bonds of the series, to purchase any shares of capital stock of any class or classes of the Company or of



any other corporation which may be set forth either in the bonds or in warrants issued therewith.

(s) Such other terms and provisions as may be determined by the Board of Directors of the Company or an Executive Committee thereof, provided that such other terms and provisions shall not be in conflict with the terms and provisions of this Indenture.

All bonds issued hereunder subsequently to April 30, 1940 of all series shall be known and designated generally as First Mortgage Bonds but there may be added to or incorporated in such designation or title as the same may appear on the bonds of each series and in the coupons appertaining thereto the designation of the series and the rate of interest payable upon the bonds of such series and such other distinguishing or descriptive words, figures and letters as the Board of Directors of the Company or an Executive Committee thereof may determine.

Section 3. Subject to the provisions of the Supplemental Indenture dated May 1, 1940 creating the Series due May 1, 1970, the Board of Directors of the Company or an Executive Committee thereof shall fix and determine from time to time in respect of each series the "variable terms and provisions of series" applicable to such series. Prior to the authentication and delivery by the Corporate Trustee and the issue hereunder of any bonds of any particular series, other than the Series due May 1, 1970, the Company shall execute and deliver to the Trustees in form suitable for recording, an indenture supplemental hereto authorized by resolution of the Board of Directors of the Company or an Executive Committee thereof, setting forth the general form of bonds of such series, whether coupon bonds or registered bonds without coupons or both, which it shall be determined to issue and the general form of the coupons appertaining to the coupon bonds of such series if any and containing appropriate provisions giving to such bonds the protection and security of this Indenture. The text of such general forms of bonds and of the general form of coupon appertaining to the coupon bonds, of the particular series so set



forth, shall conform substantially to the tenor and purport of the general form of coupon bond, general form of registered bond without coupons and general form of coupon hereinafter set forth in Section 14 of this Article II, provided, however, that the text thereof may contain such additional or variant terms and provisions expressing any one or more of the "variable terms and provisions of series" which may then be fixed for such series and which it shall be determined to set forth in such text of such bonds.

Such supplemental indenture may contain such other "variable terms and provisions of series," in addition to those embodied in such general forms of bonds and coupons, as may then be fixed for the particular series provided for in such supplemental indenture.

Except as hereinafter otherwise provided, after the creation of any particular series of bonds by the execution and delivery of a supplemental indenture as hereinabove provided, or in the case of bonds of the Series due May 1, 1970 by the execution and delivery of the Supplemental Indenture dated May 1, 1940, the text of all bonds of such series, authenticated and delivered hereunder and the coupons appertaining to the coupon bonds of such series, shall conform substantially to the general form of coupon bond, and general form of coupon appertaining thereto or to the general form of registered bond without coupons so established for such series subject, however, to necessary or proper variations between temporary bonds, coupon bonds and registered bonds without coupons or bonds of different denominations and in the case of bonds of any series with different or serial maturity dates to such variations as may be provided for under the provisions of Section 5 of this Article.

The bonds of each series, whether temporary bonds, coupon bonds or registered bonds without coupons and the coupons to be attached to the coupon bonds, may have such words, letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon not inconsistent with the provisions hereof as may be necessary or proper to comply with the rules of any brokers' board or exchange or with any order, regulation, or rule of any govern-



mental body having jurisdiction in the premises or to conform to usage with respect thereto or as may be desired by the Company.

Section 4. In the event that at the time of the creation of any particular series (as to the series due May 1, 1970 by the supplemental indenture dated May 1, 1940 or as to any other series by the execution and delivery of a supplemental indenture as provided in Section 3 of this Article) provision shall have been made in respect of the bonds of such series for the issue thereof either in the form of coupon bonds or in the form of registered bonds without coupons without providing for the issue thereof in the other of such forms or for the issue of the bonds of such series in either or both of such forms of a particular denomination or denominations, the Board of Directors of the Company or an Executive Committee thereof may thereafter provide for the issue of the bonds of such series in the form not so provided for, and may also thereafter provide for the issue of the bonds of such series of either form in a denomination or denominations in addition to those so provided for and may also provide for the interchangeability of the bonds of the form and denominations theretofore provided for with the bonds of the additional form or additional denominations or both so provided for; provided that no change, alteration or modification of the form or text of any outstanding bond may be made thereby.

Section 5. In case it shall be determined, as hereinabove provided, to issue the bonds of any particular series with different or serial dates of maturity, provision may be made in the supplemental indenture creating such series for determining the aggregate principal amount of the bonds of such series that may be issued bearing each such date of maturity and the bonds of such series of the respective maturity dates may vary in respect of the rate or rates of interest, the place or places of payment of either principal or interest or both, the right of redemption and the price or prices and other terms and conditions of redemption and such other terms and provisions as may be appropriately determined by the Board of Directors of the Company or an Executive Committee thereof.

SECTION 6. There has been created by the Supplemental Indenture dated May 1, 1940 one of the series of bonds issuable hereunder designated First Mortgage Bonds, 4% Series due May 1, 1970, and notwithstanding anything herein contained to the contrary the form and terms thereof shall be such as is set forth in said Supplemental Indenture dated May 1, 1940.

SECTION 7. The Company shall maintain an office or agency in each place for the registration or transfer of bonds that may be designated for such purpose in any bond issued hereunder or in any supplemental indenture creating a series of bonds and shall keep at each such office or agency books for the registration and transfer of bonds, which at all reasonable times shall be open to inspection by the Corporate Trustee; and upon presentation for such purpose at any such office or agency the Company will register or cause to be registered therein and permit to be transferred thereon under such reasonable regulations as it may prescribe, any bond or bonds issued under this Indenture and entitled to registration or transfer at such office or agency. Upon the transfer of any registered bond without coupons the Company shall issue in the name of the transferee or transferees a new registered bond or new registered bonds in like form and the Corporate Trustee shall authenticate and deliver the same to him or them. The Company shall not be required to make transfers of bonds as provided in this Section for a period of ten days next preceding any interest payment date.

SECTION 8. In all cases of exchanges of bonds provided for in this Indenture or in any indenture supplemental hereto or in any bond or bonds authenticated and delivered under this Indenture, the bonds to be exchanged shall be surrendered at the office or agency of the Company in such place or places as shall be designated for that purpose in such bonds or in the supplemental indenture relating thereto and if coupon bonds be so surrendered, such coupon bonds shall be accompanied by all unmatured coupons thereto appertaining. In each case of such surrender of a bond or bonds for such exchange, the Company shall execute and the Corporate Trustee shall authenticate and deliver in exchange for



the bond or bonds surrendered the bond or bonds which the bondholder making the exchange shall be entitled to receive. All bonds so surrendered for exchange and the coupons appertaining thereto, if any, shall be cremated by the Corporate Trustee and the Corporate Trustee shall deliver evidence of the cremation thereof to the Company; provided that in the event that any registered bond without coupons of any series shall be issued by the Company which shall be exchangeable for or interchangeable with a coupon bond or coupon bonds of the same series of a specified number or numbers, any coupon bond bearing such a number surrendered in exchange for such registered bond without coupons may be held uncancelled by the Corporate Trustee or a new coupon bond of the same series, denomination and number may be executed by the Company, authenticated by the Corporate Trustee and held by the Corporate Trustee for the purpose of re-exchange for such registered bond without coupons. Upon any exchange of a bond or bonds of one or more denominations for a bond or bonds of other denomination or denominations or of coupon bonds for registered bonds without coupons or of registered bonds without coupons for coupon bonds and for any registration of a coupon bond registerable as to principal, and for any transfer of a registered bond with or without coupons, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or governmental charge required to be paid by the Company by reason of such exchange or transfer and, in addition, a further sum not exceeding Two Dollars ($2.00) for each bond issued upon any such exchange or transfer plus the charges of the Corporate Trustee, or other transfer or registration agent for making such exchange or transfer, all of which shall be paid by the party requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Company shall not be obligated to make exchanges or transfers of bonds for a period of ten days next preceding any interest payment date.

SECTION 9. Every registered bond without coupons issued hereunder shall bear interest from its date. If issued prior to any interest payment date of the bonds of the series of which it



is one it shall be dated as of the date of the coupon bonds of such series; if issued on an interest payment date it shall be dated as of such interest payment date; if issued subsequent to an interest payment date it shall be dated as of the interest payment date next preceding the date of authentication and delivery thereof; provided that if it is issued in exchange for or upon transfer of another bond or other bonds previously issued hereunder and surrendered upon such exchange or transfer it shall be dated as of the date whereunto interest was paid on the bond or bonds surrendered in exchange therefor or upon transfer thereof.

SECTION 10. All 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 its corporate seal or a facsimile reproduction thereof shall be affixed thereto or endorsed or engraved or printed thereon and attested by its Secretary or one of its Assistant Secretaries. The coupons to be attached to coupon bonds shall bear the facsimile signature of the present or any future Treasurer or Assistant Treasurer of the Company. In case any of the officers who shall have signed any bonds or attested the seal thereon, or whose facsimile signature shall be borne by the coupons attached to any bond, shall cease to be such officers of the Company before the bonds so signed and sealed shall have been authenticated and delivered by the Corporate Trustee or issued by the Company, such bonds nevertheless may be authenticated and delivered and issued with the same force and effect as though the person or persons who signed such bonds or attested the seal thereon or whose facsimile signature is borne by the coupons attached thereto had not ceased to be such officer or officers of the Company. Any bond issuable hereunder may be signed or attested in behalf of the Company by such person as at the actual date of the execution of such bond shall be the proper officer of the Company, although at the date of such bond such person shall not have been an officer of the Company. Before authenticating any coupon bonds the Corporate Trustee shall detach, cancel and deliver to the Company or cremate all matured coupons appertaining thereto.



SECTION 11. Until definitive bonds are ready for delivery, there may be authenticated and delivered and issued in lieu of any thereof, temporary printed, lithographed, mimeographed or typewritten bonds substantially of the tenor of the definitive bonds in lieu of which such temporary bonds are issued, with one or more or without any coupons, and with appropriate variations, omissions and/or insertions, and such temporary bonds may be registered bonds without coupons, or unregistered bonds in bearer form registerable or not registerable as to principal, and may be of such denomination or denominations (whether or not of denominations authorized for definitive bonds) all as the Company may determine. Until exchanged for definitive bonds, such temporary bond or bonds shall be entitled to the lien and benefit of this Indenture. Without unnecessary delay the Company will execute and will furnish the definitive bonds to be exchanged for such temporary bonds upon surrender thereof to the Corporate Trustee. Upon such exchange which the Company shall make without any charge therefor, such temporary bonds and any unmatured coupons attached thereto shall be cancelled and cremated by the Corporate Trustee, and upon the exchange of all said bonds a certificate of such cancellation and cremation shall be delivered to the Company. When and as interest is paid upon temporary bonds without coupons the fact of such payment shall be noted thereon. Until such definitive bonds are ready for delivery, the holder of one or more temporary bonds may if so provided by the terms thereof, exchange the same on the surrender thereof with all unmatured coupons, if any, attached, to the Corporate Trustee for cancellation, and shall be entitled to receive temporary bonds of like aggregate principal amount of such other denomination or denominations as the Company may determine to issue in exchange.

SECTION 12. Upon receipt by the Company and the Corporate Trustee of evidence satisfactory to them of the loss, theft, destruction or mutiliation of any bond hereby secured, and of indemnity satisfactory to them, and upon surrender and cancellation of such bond if mutilated, and the coupons appertaining thereto, if any, the Company may execute, and the Corporate Trustee may authenticate and deliver, a new bond of the same series and maturity and of like tenor, to be issued in lieu of such lost, stolen, destroyed or mutilated bond. Such new bond in the discretion of the Company or the Corporate Trustee may bear the same serial number as the lost, stolen, destroyed or mutilated bond in lieu of which it is issued (in which case the new bond shall be marked "Duplicate" or be otherwise distinguished) or a different serial number and may bear such endorsement as may be agreed upon by the Company and by the Corporate Trustee, and which at the time may be necessary to conform to the requirements of any stock exchange. The Company and the Corporate Trustee may require the payment of a sum sufficient to reimburse them for all expenses in connection with the issue of each new bond under this Section.

SECTION 13. No bond shall be secured hereby unless it bear a certificate, signed on behalf of the Corporate Trustee, by an authorized officer substantially in the form of Corporate Trustee's Certificate hereinafter in Section 14 of this Article II set forth (or in the case of bonds of the Series due May 1, 1970 in the form set forth in the Supplemental Indenture dated May 1, 1940 creating said series) that it is one of the bonds (or temporary bonds) herein described; and such certificate on any such bond shall be conclusive evidence that such bond has been duly authenticated and delivered hereunder and is secured hereby.

SECTION 14. Notwithstanding the recital in the Original Indenture of the form of coupon bond, form of interest coupon, form of registered bond and form of Trustees' Certificate, the bonds issued under this Indenture subsequently to April 30, 1940 other than bonds of the Series due May 1, 1940 (the form of which is provided for in the Supplemental Indenture dated May 1, 1940) shall, subject to the provisions of Sections 1 to 13, inclusive, of this Article II, conform substantially to the general form of coupon bond, general form of interest coupon, general form of registered bond and form of Corporate Trustee's Certificate hereinafter in this Section 14 set forth as follows:



(General Form of Coupon Bond)

IOWA SOUTHERN UTILITIES COMPANY OF DELAWARE

(Incorporated under the laws of the State of Delaware)

First Mortgage Bond

No.................... ........ Series.................... $....................

IOWA SOUTHERN UTILITIES COMPANY OF DELAWARE, a corporation organized and existing under and by virtue of the laws of the State of Delaware (hereinafter called the Company), for value received, hereby promises to pay to the bearer or, if this bond be registered as to principal, to the registered owner hereof, on the ..................................day of .............................., 19........, at ..........................................................................................., the sum of ........................................................................ Dollars in lawful money of the United States of America, and to pay interest thereon from the .................. day of.................................., ............................, at the rate of ............................ per cent per annum, in like money, until the Company's obligation with respect to the payment of such principal shall be discharged; said interest being payable at........ ....................................... on the ........................ day of ........................... and on the ...................... day of .................................... in each year, but, until the maturity hereof, only according to the tenor and upon presentation and surrender of the respective coupons hereto attached, as they severally mature.

This bond is one of a duly authorized issue of bonds of the Company, known as its First Mortgage Bonds, of the series and designation indicated on the face hereof, which issue of bonds consists, or may consist, of several series of varying denominations, dates and tenor, all issued and to be issued under and equally secured (except in so far as a sinking fund, or similar fund, established in accordance with the provisions of the Indenture may afford additional security for the bonds of any specific series) by a Trust Indenture dated February 1, 1923, executed by the Company to The Northern Trust Company and Harold H. Rockwell, as Trustees (who together with their successors, as of any par-



ticular time, in the trusts reposed in them, are herein called the Trustees) as amended by Supplemental Indenture dated May 2, 1940 and supplemented by any Supplemental Indenture creating any particular Series of bonds (such Trust Indenture and Supplemental Indentures being herein collectively called the Indenture), to which Indenture reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds as to such security, and the terms and conditions upon which the bonds may be issued under the Indenture and are secured. The principal hereof may be declared or may become due on the conditions, in the manner and at the time set forth in the Indenture, upon the happening of a default as in the Indenture provided.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, the rights and obligations of the Company and/or of the holders of the bonds and/or coupons, and/or the terms and provisions of the Indenture and/or of any instruments supplemental thereto may be modified or altered by the affirmative vote of the holders of at least eighty per cent (80%) in principal amount of the bonds then outstanding under the Indenture and any instruments supplemental thereto (excluding bonds challenged and disqualified from voting by reason of the Company's interest therein as provided in the Indenture); provided that no such modification or alteration, intended to effect or permit the extension of the maturity of the principal of any bond or the reduction in the rate of interest thereon or any other modification in the terms of payment of such principal or interest or the taking of certain other action as more fully set forth in the Indenture, shall be effective as to any bond, the holder of which has not assented to such modification or alteration.

The Company and the Trustees may deem and treat the bearer of this bond, or if this bond be registered as herein authorized, the person in whose name the same is registered, as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and for all other purposes, except to receive payment of interest represented by outstanding coupons, and shall not be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this bond, against any subscriber to the capital



stock, incorporator, or any past, present or future stockholder, officer or director of the Company or of any predecessor or successor corporation, either directly or through the Company, or through any such predecessor or successor corporation, or through any receiver, or a trustee in bankruptcy, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as a part of the consideration for the issue hereof, expressly waived and released, as more fully provided in the Indenture.

This bond and the coupons hereto appertaining shall not be valid or become obligatory for any purpose unless and until The Northern Trust Company, as Corporate Trustee under the Indenture, or its successor thereunder, shall have signed the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, IOWA SOUTHERN UTILITIES COMPANY OF DELAWARE has caused this bond to be signed in its name by its President or a Vice President and its corporate seal to be hereto affixed and attested by its Secretary or an Assistant Secretary, and interest coupons bearing the facsimile signature of its Treasurer or Assistant Treasurer to be attached hereto as of the ................................ day of ...................................................., 19........

IOWA SOUTHERN UTILITIES COMPANY OF DELAWARE,

By..................................................................

..................... President.

Attest:

...........................................................

............................... Secretary.

(General Form of Coupon)

No.............................. $.............................

On the ............................ day of .........................................., 19......, Iowa Southern Utilities Company of Delaware will pay to bearer at ............................................................................................................................................................................................................. Dollars in lawful money of the United States of America, as specified in its First Mortgage Bond, ............ Series ........................., No.........................., being six months' interest then due on said bond.

This coupon will not be payable if said bond shall have been called for previous redemption and payment duly provided for.

..................................................................
Assistant Treasurer.

The words "This coupon will not be payable if said bond shall have been called for previous redemption and payment duly provided for," will appear only upon coupons to which they are applicable by reason of provision for redemption prior to the fixed maturity contained in the bonds to which such coupons are attached.

(General Form of Registered Bond Without Coupons)

Iowa Southern Utilities Company of Delaware

(Incorporated under the laws of the State of Delaware)

First Mortgage Bond

No...................... .......... Series.................... $.............. .....

Iowa Southern Utilities Company of Delaware, a corporation organized and existing under and by virtue of the laws of the State of Delaware (hereinafter called the Company), for



value received, hereby promises to pay to........................................................................................................... or registered assigns on the .................... day of ............................., 19......, at ......................................................................................................................................., the sum of ................................................................................................... Dollars in lawful money of the United States of America, and to pay to the registered owner hereof interest thereon from the date hereof at the rate of .................... per cent per annum, in like money, until the Company's obligation with respect to the payment of such principal shall be discharged; said interest being payable at............ .................................. on the ......................... day of ............................ and on the.......................... day of .................................. in each year.

This bond is one of a duly authorized issue of bonds of the Company, known as its First Mortgage Bonds, of the series and designation indicated on the face hereof, which issue of bonds consists, or may consist, of several series of varying denominations, dates and tenor, all issued and to be issued under and equally secured (except in so far as a sinking fund, or similar fund, established in accordance with the provisions of the Indenture may afford additional security for the bonds of any specific series) by a Trust Indenture dated February 1, 1923, executed by the Company to The Northern Trust Company and Harold H. Rockwell, as Trustees (who together with their successors, as of any particular time, in the trusts reposed in them, are herein called the Trustees) as amended by Supplemental Indenture dated May 2, 1940 and supplemented by any Supplemental Indenture creating any particular Series of bonds (such Trust Indenture and Supplemental Indentures being herein collectively called the Indenture), to which Indenture reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds as to such security, and the terms and conditions upon which the bonds may be issued under the Indenture and are secured. The principal hereof may be declared or may become due on the conditions, in the manner and at the time set forth in the Indenture, upon the happening of a default as in the Indenture provided.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, the rights and obligations of



the Company and/or of the holders of the bonds and/or coupons, and/or the terms and provisions of the Indenture and/or of any instruments supplemental thereto may be modified or altered by the affirmative vote of the holders of at least eighty per cent (80%) in principal amount of the bonds then outstanding under the Indenture and any instruments supplemental thereto (excluding bonds challenged and disqualified from voting by reason of the Company's interest therein as provided in the Indenture); provided that no such modification or alteration, intended to effect or permit the extension of the maturity of the principal of any bond or the reduction in the rate of interest thereon or any other modification in the terms of payment of such principal or interest or the taking of certain other action as more fully set forth in the Indenture, shall be effective as to any bond, the holder of which has not assented to such modification or alteration.

The Company and the Trustees may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest hereon and for all other purposes and shall not be affected by any notice to the contrary.

This bond is transferable as prescribed in the Indenture by the registered owner hereof in person, or by his duly authorized attorney, at ..............................................................................................., upon surrender and cancellation of this bond, and thereupon a new registered bond without coupons of the same series and principal amount will be issued to the transferee in exchange therefor as provided in the Indenture, upon payment, if the Company shall so require, of the transfer charges therein prescribed.

No recourse shall be had for the payment of the principal of or the interest on this bond, against any subscriber to the capital stock, incorporator, or any past, present or future stockholder, officer or director of the Company or of any predecessor or successor corporation, either directly or through the Company, or through any such predecessor or successor corporation, or through any receiver, or a trustee in bankruptcy, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as a part of the consideration for the issue



hereof, expressly waived and released, as more fully provided in the Indenture.

This bond shall not be valid or become obligatory for any purpose unless and until The Northern Trust Company, as Corporate Trustee under the Indenture, or its successor thereunder, shall have signed the certificate of authentication endorsed hereon.

In Witness Whereof, Iowa Southern Utilities Company of Delaware has caused this bond to be signed in its name by its President or a Vice President and its corporate seal to be hereto affixed and attested by its Secretary or an Assistant Secretary this .....................................................................................

Iowa Southern Utilities Company of Delaware,

By ......................................................................
.................. President.

Attest:

.................................................................
.................. Secretary.

(form of corporate trustee's certificate)

This bond is one of the bonds of the series designated thereon, described in the within-mentioned Indenture.

The Northern Trust Company,
as Corporate Trustee,

By ......................................................................
Authorized Officer.

41

## ARTICLE III.

### Initial Issue of Bonds of Series Due May 1, 1970.

Section 1. Bonds of the aggregate principal amount of $10,000,000 of Series due May 1, 1970 (which series was created by a Supplemental Indenture dated as of May 1, 1940) have been authenticated and delivered by the Corporate Trustee under and in accordance with the provisions of the Original Indenture and concurrently with the execution and delivery of the amending Supplemental Indenture dated May 2, 1940 have been issued and sold by the Company and such bonds are secured by the Original Indenture and so long as they remain outstanding shall continue to be secured by the Original Indenture as amended by said Supplemental Indenture dated May 2, 1940 and the provisions of the Supplemental Indenture dated May 1, 1940 creating said series shall apply to all bonds of said series from time to time issued under and secured by this Indenture.

## ARTICLE IV.

### Provisions Applicable Generally to Issuance of All Additional Bonds.

Section 1. No bonds in addition to $10,000,000 aggregate principal amount of Series due May 1, 1970 shall be authenticated and delivered by the Corporate Trustee under the provisions of Articles V, VI or VII hereof unless the Corporate Trustee shall have received prior to or at the time of the authentication and delivery thereof:

(1) A written request or application dated not more than ninety days preceding the date of the authentication and delivery of bonds then applied for, executed in the name of the Company by the President or a Vice-President of the Company stating the principal amount, denomination and form (whether coupon or registered) of the bonds requested to be authenticated and delivered, the series thereof, and the

42

person or persons to whom or upon whose order such bonds are to be delivered;

(2) A resolution (as herein defined), authorizing such request or application;

(3) An opinion of counsel (as herein defined), that no consent of any governmental authorities is requisite to the legal issue of the bonds the authentication and delivery of which have been applied for, or that the issue of such bonds has been duly authorized by any and all governmental authorities, the consent of which is requisite to the legal issue of such bonds, specifying any officially authenticated certificates or other documents by which such consent is or may be evidenced, and that all mortgage, registration and/or other like taxes in respect of the bonds applied for have been paid, or that provision for the payment thereof has been made or that no such payment is required by law, and that the amount of indebtedness or bonded indebtedness which may be incurred by the Company is not then limited by law or by any corporate action limiting the total authorized indebtedness or bonded indebtedness of the Company, or that the total amount of outstanding indebtedness or bonded indebtedness of the Company, stated in the accompanying Treasurer's certificate provided for in subdivision (4) of this Section, plus the aggregate principal amount of the bonds applied for in the accompanying application of the Company, does not exceed the amount of indebtedness or bonded indebtedness of the Company as then limited by law or by such corporate action, and that all corporate action necessary to be taken by the Company to permit the legal and valid issue and authentication and delivery of the bonds which have been applied for has been duly had and taken;

(4) Unless the opinion of counsel provided for in the foregoing subdivision (3) shall state that the amount of indebtedness or bonded indebtedness which may be incurred by the Company is not then limited by law or by such corporate action, then a Treasurer's certificate, as herein defined,

43

stating that the total amount of indebtedness or bonded indebtedness of the Company outstanding, including the aggregate principal amount of bonds issued and outstanding under this Indenture does not exceed an amount which shall be specified in the certificate;

(5) The officially authenticated certificates or other documents, if any, specified in the opinion of counsel provided for in subdivision (3) above including evidence satisfactory to the Trustee of the payment or provision for payment of any taxes therein referred to;

(6) If the bonds, the authentication and delivery of which are applied for, are not a part of any series then existing, the resolution or resolutions, as herein defined, and a supplemental indenture creating the series of which such bonds are a part.

Section 2. Exclusive of bonds which may be issued hereunder upon transfer of or in exchange for other bonds previously issued hereunder, or in lieu of bonds lost, stolen, destroyed or mutilated, as provided in Article II hereof, no bonds in addition to those mentioned in Section 1 of Article III of this Indenture, shall be authenticated and delivered hereunder by the Corporate Trustee except in accordance with the provisions of Article V, Article VI, or Article VII hereof, or at any time when the Trustee has knowledge that a completed default of the character specified in Section 1 of Article XIII of this Indenture has occurred and has not been rescinded and annulled, as provided in said Section 1 of Article XIII, or been otherwise cured or made good to the satisfaction of the Corporate Trustee.

## ARTICLE V.

### Issuance of Bonds Upon the Basis of Permanent Additions.

Section 1. Subject to the provisions of Sections 1 and 2 of Article IV hereof and of Section 18 of Article VIII hereof, bonds in addition to those provided for in any other Section hereof may

44

from time to time be executed by the Company and delivered to the Corporate Trustee and shall be authenticated and delivered by the Corporate Trustee upon the basis of the acquisition or construction of permanent additions, as herein defined. Such additional bonds, however, shall be authenticated and delivered only in accordance with and subject to the conditions, provisions and limitations set forth in the next succeeding four sections of this Article numbered from 2 to 5, both inclusive.

Section 2. No bonds shall be authenticated and delivered at any time under the provisions of this Article upon the basis of the acquisition or construction of:

(a) any property not included within the definition of permanent additions contained in Section 4 of Article I hereof; or

(b) any property which has previously been made the basis for the authentication and delivery of bonds hereunder, or for the withdrawal of cash deposited under the provisions of Section 1 of Article VII hereof; or

(c) any property which has previously been made the basis for the withdrawal under Section 10 of Article X hereof, of cash representing either insurance moneys received or the proceeds of property released from the lien hereof (unless such cash shall have been the proceeds, including insurance moneys, of property not owned by the Company on April 30, 1940, and not made the basis for the issuance of bonds hereunder or the withdrawal of cash or the release of property under any of the provisions hereof subsequent to April 30, 1940, or unless such cash shall have been replaced under the provisions of Section 11 of Article X hereof); or

(d) any property which has previously been made the basis for the release of property under the provisions of Section 3 of Article X hereof; or

(e) any substituted property acquired by the Company in exercise by it of any right which it may have to apply the proceeds of property theretofore subject to the lien hereof sold or exchanged, to the acquisition of such substituted property, without depositing such proceeds with the Corporate Trustee hereunder; or

(f) any property which has been used by the Company to offset any amounts that otherwise would be payable to the Corporate Trustee hereunder for the Maintenance Fund provided for in Article XI hereof, or any property which shall have been made the basis of the withdrawal of cash from the Maintenance Fund, in accordance with the provisions of Article XI; or

(g) any property subject to any lien for the payment of money or its equivalent prior to the lien of this Indenture except permitted liens and prepaid liens as herein defined;

provided, that any permanent additions as defined in Section 4 of Article I hereof, included within the terms of clauses (d) or (e) of this Section, acquired in exchange for or with the proceeds (including insurance money) of property not owned by the Company on April 30, 1940, and not made the basis for the issuance of bonds or the withdrawal of cash, hereunder, subsequent to April 30, 1940, shall not be excluded by the provisions of this Section as a basis for the issuance of bonds.

Any permanent additions, which shall have been certified to the Corporate Trustee at any time or shall have been specified or described in any certificate delivered to the Corporate Trustee in accordance with any of the provisions of this Indenture as a basis for the authentication and delivery of bonds or the withdrawal of cash or in lieu of the deposit of cash under any of the provisions of this Indenture, of a cost or fair value, whichever shall be less, in excess of the amount thereof required by such provisions of this Indenture shall be available to the extent of such excess upon any subsequent application as a basis for the authentication and delivery of bonds or the withdrawal of cash or in lieu of the deposit of cash under any of the provisions of this Indenture and it shall not be necessary to again deliver to the Corporate Trustee in any document any of the statements or opinions in relation to



such property provided for in Section 5 of this Article except an engineer's certificate as herein defined, stating that such excess property has not been used in such manner as to disqualify it as a basis for the issuance of bonds or the withdrawal of cash.

SECTION 3. No bonds shall be authenticated and delivered under the provisions of this Article upon the basis of the acquisition or construction of any permanent additions until the cost (as herein defined), and fair value (as herein defined), of such permanent additions shall have been certified to the Corporate Trustee as hereinafter in Section 5 of this Article provided. The aggregate principal amount of bonds that may be authenticated and delivered from time to time under the provisions of this Article is limited to seventy per cent (70%) of the cost or fair value, whichever is less, of the permanent additions forming the basis of the authentication and delivery thereof, after deducting therefrom the amount provided for in the next following paragraph.

In the case of each application to the Corporate Trustee for the authentication and delivery of bonds, the withdrawal of cash or the release of property under any of the provisions of this Indenture or the establishment of a credit to the Maintenance Fund under the provisions of Article XI of this Indenture, in either case by the use of permanent additions (as herein defined) certified to the Corporate Trustee, there shall be deducted from the cost or fair value, whichever is less, of the permanent additions so certified, an amount or amounts equal to the amount or amounts removed from the fixed capital or utility plant accounts of the Company as and for the cost to the Company (or if such cost cannot be ascertained an amount estimated by an engineer of the Company to be such cost or to have been the reasonable value at the date of acquisition) of property of a character which would be included within the definition of permanent additions contained in Section 4 of Article 1 hereof (irrespective of the date of acquisition, construction or erection thereof) which shall have been retired or abandoned during the period from April 30, 1940 to a date not more than sixty days preceding the delivery to the Corporate Trustee of the certificate specifying the permanent additions so used, excluding, however, from the property so retired or



abandoned on account of which such deduction is to be made all such property (1) which shall have been replaced or offset by the acquisition, construction or erection of other permanent additions and (2) in respect of which appropriate deduction shall have been made in a certificate or certificates previously delivered to the Corporate Trustee for one or more of the purposes aforesaid. In calculating the amount or amounts to be deducted from time to time under the provisions of this paragraph on account of property retired or abandoned the Company shall be entitled to a credit for the amount of the consideration received for any property of a character which would be included within the definition of permanent additions (irrespective of the date of acquisition, construction or erection thereof) released from the lien hereof under the provisions of Article X of this Indenture plus the amount of cash if any deposited with the Corporate Trustee as required by the provisions of the last paragraph of Section 3 of Article X and also to a credit on account of any property lost or damaged by fire to the extent that it shall be compensated by insurance monies deposited with the Corporate Trustee.

SECTION 4. No bonds shall be authenticated and delivered under this Article unless as shown by a net earnings certificate (as herein defined), the earnings applicable to bond interest (as herein defined), for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the date of any application for authentication and delivery of bonds shall have been in the aggregate at least equivalent to twice the interest requirements for a period of one year upon (a) the bonds applied for, and (b) all bonds outstanding, as herein defined, hereunder on the date of such application and (c) all outstanding indebtedness which is secured by any lien for the payment of money or its equivalent prior to the lien of this Indenture other than permitted liens (as herein defined) and prepaid liens (as herein defined).

SECTION 5. No application by the Company to the Corporate Trustee for the authentication and delivery of bonds under this Article shall be granted by the Corporate Trustee, until the Corporate Trustee shall have received:



(1) The documents provided for in Section 1 of Article IV.

(2) An engineer's certificate, as herein defined, dated not more than sixty (60) days preceding the date of the authentication and delivery of the bonds applied for in the accompanying application,

(a) specifying the permanent additions purchased, constructed, or otherwise acquired by the Company subsequently to April 30, 1940, and between dates to be specified in the certificate, proposed as a basis for the authentication and delivery of bonds then applied for; and describing such permanent additions in such manner as to show conformity thereof with the definition of permanent additions set forth in Section 4 of Article I of this Indenture, and

(b) stating that the signers, either personally or through one or more competent assistants, have examined the permanent additions so specified, that the permanent additions so specified are permanent additions as defined in Section 4 of Article I hereof and that they are desirable for use and are used or intended to be used in the conduct of the business of the Company; and that the permanent additions so specified do not consist in whole or in part of permanent additions which under the provisions of Section 2 of this Article are not permitted to be made the basis of the authentication and delivery of bonds, and

(c) stating the cost, as herein defined, and the fair value, as herein defined, of such permanent additions, and

(d) stating (i) whether any of such permanent additions consists of property which prior to the date of acquisition thereof by the Company was used or operated by a person or persons other than the Company, and if any such permanent additions are stated to have been so used or operated, (ii) briefly describing such permanent additions and (iii) stating the fair value thereof, and in case such fair value is equal to or exceeds the greater of (1) Twenty-five Thousand Dollars ($25,000), or (2) one per cent (1%) of the aggregate principal amount of all bonds issued under this Indenture at the time outstanding, as stated in the accompanying net earnings certificate provided for in subdivision (4) of this Section, then (iv) describing all other property, if any, which within six months prior to the acquisition thereof by the Company was used or operated by a person or persons other than the Company in a business similar to that in which such property has been or is to be used or operated by the Company and which has been subjected to the lien of this Indenture since the commencement of the current calendar year and as to which an independent engineer's certificate has not previously been furnished to the Corporate Trustee, and

(e) stating the amount or amounts deducted in response of the requirements of Section 3 of this Article V from the cost or fair value, whichever is less, of the permanent additions specified or described in the certificate, equal to the amount or amounts removed from the fixed capital or utility plant accounts of the Company as and for the cost to the Company (or, if such cost cannot be ascertained, the amount estimated by an engineer of the Company to be such cost or to have been the reasonable value at the date of acquisition), of property of a character which would be included within the definition of permanent additions contained in Section 4 of Article I of the Indenture (irrespective of the date of acquisition, construction, or erection thereof) which has been retired or abandoned during the period from April 30, 1940, to a date specified in the certificate, not more than sixty (60) days preceding the date of the delivery to the Corporate Trustee of such certificate, excluding, however, from the property retired or abandoned on account of which such deduction is made in any particular certificate, all such property (1) which has been replaced or offset by the acquisition, construction, or erection of other permanent additions and (2) in respect of which appropriate deduction has been made in a certificate or certificates previously delivered to the Corporate Trustee for the purpose of obtaining the authentication and delivery of bonds, the withdrawal of cash, or the release of property,



under any of the provisions of the Indenture, or the establishment of a credit to the Maintenance Fund under the provisions of Article XI of the Indenture, and after making allowance for the credits on account of property released from the lien hereof, or lost or damaged by fire provided for in Section 3 of this Article, and

(f) stating the amount remaining after deducting from the cost or fair value, whichever is less, as stated under paragraph (c) above, of the permanent additions proposed as a basis for the authentication and delivery of bonds then applied for, the amounts deducted on account of property retired or abandoned, as stated in paragraph (e) above.

(3) In case the fair value of any permanent additions which have been used or operated by a person or persons other than the Company, as stated in the accompanying engineer's certificate pursuant to the requirements of clause (iii) of paragraph (d) of subdivision (2) of this Section, is equal to or exceeds the greater of (1) Twenty-five Thousand Dollars ($25,000) or (2) one per cent (1%) of the aggregate principal amount of all bonds issued under this Indenture at the time outstanding, as stated in the accompanying net earnings certificate provided for in subdivision (4) of this Section, then an independent engineer's certificate stating the fair value of such permanent additions and also the fair value of all other property described pursuant to clause (iv) of said paragraph (d) in said engineer's certificate.

(4) A net earnings certificate, as herein defined, (i) stating the amount of earnings applicable to bond interest for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the delivery to the Corporate Trustee of the accompanying application for authentication and delivery of bonds and (ii) stating separately the aggregate principal amount of the bonds and indebtedness mentioned in clauses (a), (b), and (c) of Section 4 of this Article and (iii) stating the interest requirements on such bonds and indebtedness for a period of one year, and (iv) stating the aggregate principal amount of



bonds authenticated and delivered as set forth in Article III and under the provisions of Articles V, VI and VII hereof since the commencement of the current calendar year exclusive of bonds in connection with the authentication and delivery of which no net earnings certificate was required and bonds in connection with the authentication and delivery of which an independent accountant's certificate was previously delivered to the Corporate Trustee.

In the event that (1) the aggregate principal amount of (a) the bonds so stated to have been authenticated and delivered since the commencement of the current calendar year pursuant to the foregoing clause (iv) and (b) the bonds applied for is equal to or exceeds ten per cent (10%) of the aggregate principal amount of all bonds issued under this Indenture at the time outstanding, as stated in the net earnings certificate, and (2) the twelve months' period in respect of which earnings applicable to bond interest are computed in the net earnings certificate is a period with respect to which an annual report is required to be filed by the Company pursuant to the provisions of Section 22 of Article VIII hereof, then there shall also be delivered to the Corporate Trustee an independent accountant's certificate confirming the facts stated in the net earnings certificate.

(5) An opinion of counsel, as herein defined, stating that in the opinion of the signer: (a) the Company has title to all of the permanent additions, other than paving, grading and other improvements to public properties, specified or described in the accompanying engineers certificate or that upon the delivery of instruments of conveyance, assignment or transfer specified in the opinion, it will have title to such permanent additions; (b) that all of such permanent additions, other than paving, grading and other improvements to public properties are subject to the lien of this Indenture and that none of such permanent additions are subject to any lien for the payment of money or its equivalent prior to the lien of this Indenture, except prepaid liens and permitted liens as herein defined or, in the alternative, stating what, if any,



documents should be delivered, recorded or filed so to subject such property to the lien of this Indenture; and (c) that the Company has corporate authority and all necessary permission from governmental authorities to own and, except as to properties for which the Company has no valid franchise, to operate the permanent additions so specified or described. Such opinion may also state that the title to such permanent additions or any specified part thereof in addition to prepaid liens and permitted liens referred to above is subject to easements, restrictions or minor defects of title and the general nature thereof; and such easements, restrictions and minor defects of title shall not prevent the authentication and delivery of the bonds applied for if such opinion shall also state that in the opinion of the signer they do not materially affect the security afforded by this Indenture for the bonds issued hereunder or the right of the Company to use such property in the conduct of its business for the purpose for which it acquired the same.

(6) The instruments of conveyance, assignment and transfer, if any, specified in such opinion of counsel, in accordance with clause (a) of the foregoing subdivision (5), or evidence satisfactory to the Corporate Trustee of the delivery thereof to the Company, and the documents, if any, stated in such opinion of counsel, in accordance with clause (b) of the foregoing subdivision (5), or evidence satisfactory to the Corporate Trustee of the delivery or recording or filing thereof.

## ARTICLE VI.

### Issuance of Bonds Upon Retirement of Bonds Issued Hereunder.

Section 1. The Company may from time to time issue and the Corporate Trustee shall authenticate and deliver, subject to the provisions of Sections 1 and 2 of Article IV hereof and of Section 18 of Article VIII hereof, bonds hereby secured in addition to those provided for in any other Section hereof, in an aggregate principal amount not exceeding the aggregate principal amount of any bonds previously issued hereunder subsequently to April 30, 1940, including the $10,000,000 aggregate principal amount of bonds of Series due May 1, 1970, referred to in Article III hereof, which shall have been retired (exclusive of bonds in exchange for or in lieu of or in substitution for which other bonds have been authenticated and delivered as provided in Article II hereof), provided that no bond shall be issued in respect of any such retired bond which shall have been (1) retired through the use of cash deposited with the Corporate Trustee pursuant to the provisions of Article VII hereof, (2) retired through the use of cash or in lieu of the deposit of cash representing either insurance moneys received or the proceeds of property released from the lien hereof (unless such cash shall be the proceeds, including insurance moneys, of property not owned by the Company on April 30, 1940, and not made the basis for the issuance of bonds, or the release of property hereunder or the withdrawal of cash or in lieu of the deposit of cash under any of the provisions hereof on or subsequently to April 30, 1940), or through the operation of the provisions of Article XI hereof relating to the Maintenance Fund, or (3) retired through the operation of the Sinking Fund provided for the bonds of Series due May 1, 1970 in the Supplemental Indenture dated May 1, 1940, or of any other Sinking Fund or other similar fund applicable to its retirement if the provisions establishing such fund prohibit such issuance.

No application by the Company to the Corporate Trustee for the authentication and delivery of bonds under this Article shall be granted by the Trustee unless the Trustee shall have received, in addition to the other documents required, a Treasurer's Certificate stating the aggregate principal amount of the bonds in respect of the retirement of which the bonds applied for in the accompanying application are to be authenticated and delivered and that such bonds do not include bonds retired as specified in the foregoing clauses (1), (2), or (3) of this Section.

SECTION 2. No bond shall be issued in respect of any retired bond previously issued hereunder, more than one year prior to the regular maturity (by lapse of time and not by call for redemp-



the provisions of the next preceding section hereof shall be held by the Corporate Trustee as a part of the mortgaged and pledged property, but whenever the Company shall become entitled to the authentication and delivery of a bond or bonds under any of the provisions of this Indenture (other than those contained in the next preceding Section) and for the purposes of this Section, without regard to the earnings applicable to bond interest, the Corporate Trustee, upon the application of the Company, evidenced by a resolution, as herein defined, shall pay over to the Company or upon its order, in lieu of the bond or bonds to the delivery of which the Company may then be so entitled, a sum in cash equal to the aggregate principal amount of such bond or bonds; provided, however, that for the purpose of withdrawing cash, pursuant to the provisions of this Section, the certificates and other documents delivered to the Corporate Trustee for the purpose of withdrawing cash under this Section may contain such variations, omissions and insertions from or in the certificates or other documents required to be delivered to the Corporate Trustee for the purpose of procuring the authentication and delivery of bonds as may be appropriate in the light of the purpose for which they are used and in no case shall it be necessary for the Company to deliver to the Corporate Trustee any net earnings certificate or any of the documents provided for in Section 1 of Article IV hereof and the provisions of Section 4 of Article V hereof shall not be applicable to the withdrawal of cash under this Section.

SECTION 3. If, at any time, the Company shall so direct, any sums deposited with the Corporate Trustee under the provisions of Section 1 of this Article may be withdrawn in the same manner and for the same purposes and subject to the same conditions as moneys in the Release Fund provided for in Article X hereof, except that reimbursement under this section in respect of the cost or fair value of permanent additions shall be permitted only to the extent of seventy per cent. (70%) of such cost or fair value, whichever shall be less, instead of in full as provided in Section 10 of Article X.



tion) of such retired bond, unless either, the bond so issued bears no greater rate of interest than such retired bond, or, in case the bond so issued bears a greater rate of interest than such retired bond, unless the Corporate Trustee shall have received a net earnings certificate, as herein defined, meeting the requirements of Section 4 of Article V, and subdivision (4) of Section 5 of Article V, and in a proper case the independent accountant's certificate required by said subdivision (4) of Section 5 of Article V hereof.

SECTION 3. Any bond previously issued under this Indenture shall be deemed to have been retired if it shall have been paid or redeemed or surrendered to the Corporate Trustee and cancelled or cremated (unless such surrender shall have been made in exchange for another bond or bonds of the same series issued hereunder and evidencing the same indebtedness) or if the money necessary to effect its payment or redemption shall have been deposited for that purpose with the Corporate Trustee hereunder, and in the case of redemption if it shall have been called or provision satisfactory to the Corporate Trustee shall have been made for its call for payment on the redemption date.

## ARTICLE VII.

### ISSUANCE OF BONDS UPON DEPOSIT OF CASH WITH TRUSTEE.

SECTION 1. Subject to the provisions of Sections 1 and 2 of Article IV hereof and of Section 18 of Article VIII hereof, the Corporate Trustee shall from time to time authenticate and deliver bonds upon deposit with the Corporate Trustee by the Company of cash equal to the principal amount of the bonds requested to be authenticated and delivered, but only after the Corporate Trustee shall have received a net earnings certificate, as herein defined, meeting the requirements of Section 4 of Article V, and subdivision (4) of Section 5 of Article V, and in a proper case the independent accountant's certificate required by said subdivision (4) of Section 5 of Article V.

SECTION 2. All cash deposited with the Corporate Trustee in respect of which bonds have been authenticated and delivered under



## ARTICLE VIII.

### PARTICULAR COVENANTS OF THE COMPANY.

The Company hereby covenants as follows:

SECTION 1. That it is lawfully possessed of all the aforesaid mortgaged and pledged property; that it will maintain and preserve the lien of this Indenture on such mortgaged and pledged property in accordance with the terms hereof so long as any of the bonds issued hereunder are outstanding; and that it has good right and lawful authority to mortgage and pledge such mortgaged and pledged property, as provided in and by this Indenture; and that the same is free and clear of all liens and incumbrances, except permitted liens and prepaid liens as herein defined, and except as otherwise provided herein.

SECTION 2. That it will duly and punctually pay the principal of and interest on all the bonds outstanding hereunder, or secured hereby according to the terms thereof, and will also pay interest at the rates that said bonds themselves bear on all overdue principal and/or installments of interest in respect of each bond hereby secured, and that it will not directly or indirectly extend or assent to the extension of the time for the payment of any coupon or claim for interest upon any of the bonds secured hereby and will not directly or indirectly be a party to or approve of any arrangement for any such extension by purchasing said coupons or claims or in any other manner. Interest on coupon bonds to the date of their fixed maturity shall be paid only in accordance with and upon surrender of the coupons for such interest as they respectively mature. As the coupons appertaining to said bonds are paid they shall be cancelled.

SECTION 3. That it will keep an office or agency (approved by the Corporate Trustee), while any of the bonds issued hereunder are outstanding, at any and all places at which the principal of and interest on any of said bonds shall be payable for the payment of the principal thereof and interest thereon. Any notice, presentation or demand to or upon the Company in respect of said bonds or coupons or this Indenture may be given or made, to or upon the Corporate Trustee at its principal office in Chicago, Illinois, and the Company hereby authorizes such presentation and demand to be made to and such notice to be served on the Corporate Trustee. The Corporate Trustee shall be under no duty with respect to any such demand or notice served upon it except to transmit the same to the Company at the address specified in Section 5 of Article XVI of this Indenture.

SECTION 4. That it will pay all taxes and assessments lawfully levied or assessed upon the mortgaged and pledged property, or upon any part thereof or upon any income therefrom, or upon the interest of the Trustees or any of them in the mortgaged and pledged property when the same shall become due, and will duly observe and conform to all valid requirements of any governmental authority relative to any of the mortgaged and pledged property, and all covenants, terms and conditions upon or under which any of the mortgaged and pledged property is held; that except as herein otherwise provided, it will not suffer any lien to be hereafter created or exist upon the mortgaged and pledged property whether now owned or hereafter acquired, or any part thereof, or the income therefrom, prior to the lien of this Indenture, except (a) permitted liens and prepaid liens, as herein defined, and (b) any other lien for the payment of money or its equivalent existing immediately prior to the time of acquisition upon any property acquired by the Company subsequently to April 30, 1940, or given to secure a part of the purchase price of any such property; and within three months after the accruing of any lawful claims or demands for labor, materials, supplies or other objects, which if unpaid might by law be given precedence over this Indenture as a lien or charge upon the mortgaged and pledged property, whether now owned or hereafter acquired, or the income thereof, it will pay or cause to be discharged or make adequate provision to satisfy or discharge the same; provided, however, that nothing in this Indenture contained shall require the Company to observe or conform to any requirement of governmental authority or to cause to be paid or discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested



in good faith and by necessary and appropriate legal proceedings and provided that such security for the payment of such lien or charge shall be given as the Corporate Trustee may require and, provided further, that nothing herein contained shall prohibit the Company from acquiring or holding property subject to easements, conditions or restrictions not materially impairing its usefulness in the Company's business; and that, save as aforesaid, or as otherwise herein expressly provided, it will not suffer any matter or thing whereby the lien hereof might or could be impaired.

SECTION 5. That it will keep all the property of a character usually insured by companies similarly situated and which is at any time subject to the lien of this Indenture, insured against loss or damage by fire, to an amount deemed adequate to afford reasonable protection against such loss or damage, 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 (except as to property excepted from the lien of this Indenture and except as to any particular loss not exceeding Ten Thousand Dollars ($10,000) in amount), to be made payable to the Trustees hereunder, and to the trustees under any other mortgage or trust indenture (if required by the provisions thereof) (1) existing immediately prior to the time of acquisition on property acquired by the company subsequently to April 30, 1940, or (2) given to secure a portion of the purchase price of any such property, or (3) which may be a junior or subordinate lien on the property subject to the lien of this Indenture, as their interests may appear, and that it will furnish to the Corporate Trustee at such times as the Corporate Trustee may request, a statement signed by the President or a Vice President and the Secretary or an Assistant Secretary of the Company, showing:

(a) the numbers of the policies of insurance in effect and the names of the issuing companies,

(b) the amounts of such policies, and

(c) the nature of the property covered by such policies,

and stating that each of said policies provides that loss thereunder is payable to the Trustees to the extent required by this Section



and that the amount of insurance is an amount adequate in the opinion of the signers to afford reasonable protection against loss or damage by fire or, at the option of the Company in lieu thereof, a certificate of one or more reputable insurance brokers that he or they have examined the fire insurance policies in effect upon the property of the Company and that in his or their opinion the Company has fully complied with the provisions of this Section 5.

All moneys received by the Trustees, or any of them as proceeds of any insurance against loss or damage shall, if $10,000 or less, be paid to the Company and if in excess of $10,000 shall, subject to the requirements of any mortgage or trust indenture above mentioned in this Section, be held by the Corporate Trustee and, subject as aforesaid, shall be applied by the Corporate Trustee in the same manner and for the same purposes and subject to the same conditions as monies in the Release Fund provided for in Article X hereof.

That all insurance monies received by the Company on account of any particular loss not exceeding $10,000.00 in amount shall be forthwith applied to the rebuilding, renewal or replacement with property of the same character or a different character than the property destroyed or damaged.

In case of loss any settlement agreed to by the Company and the insurance companies may be accepted by the Trustees.

SECTION 6. That the business of the Company will be continuously carried on and conducted in an efficient manner; that all property, plants, appliances and equipment of the Company subject to the lien of this Indenture, used and useful in the carrying on of its business will be maintained in adequate repair, working order and condition, and, if worn out or injured, will be replaced by other property, suitable to the business of the Company, and of at least equal value; and that none of the rights, powers, franchises or privileges of the Company subject to the lien of this Indenture, whether now owned or hereafter acquired, will be allowed to lapse other than by expiration of the term of duration thereof or be forfeited so long as the same shall be necessary for the carrying on of the business of the



Company; that it will at all times maintain its corporate existence and right to carry on business in the several states in which its property and plants subject to the lien of this Indenture, or any part thereof, may be located and will use reasonable efforts to obtain, from time to time, all necessary renewals and extensions thereof, and subject to the provisions hereof, will diligently endeavor to maintain, preserve and renew all such rights, powers, privileges and franchises owned by it and necessary for carrying on the business of the Company; that it will at all times use all reasonable diligence to provide service adequate to meet the reasonable requirements of the communities in which it may be operating; that, except to the extent herein expressly permitted, it will at no time commit or suffer to be committed any waste upon the mortgaged property, or do, or permit to be done about, in or upon the mortgaged property anything that may in any wise tend to impair the value thereof, or to weaken, diminish or impair the security afforded by this Indenture, and that it will fully and in due time comply with all laws and ordinances applicable to the Company or the mortgaged and pledged property.

Nothing herein contained shall be construed to prevent the Company from contesting in good faith the validity of any such laws or ordinances by necessary and appropriate legal proceedings or in such other manner as may be deemed advisable by the Company or 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 dismantling, or taking such other action with respect to such plant or such other property as is proper and customary under the circumstances.

SECTION 7. That if it shall fail to perform any of the covenants contained in Sections 4, 5 and/or 6 of this Article the Corporate Trustee or Trustees may make advances to perform the same in its behalf, but subject to the provisions of Section 2 of Article XVI shall be under no obligation so to do; and all sums so advanced shall be at once repayable by the Company, and shall bear interest at six per cent (6%) per annum until paid, and shall be secured hereby, having the benefit of the lien hereby created in priority to the indebtedness evidenced by the bonds and coupons issued hereunder, but no such advance shall be deemed to relieve the Company from any default hereunder. The provisions of this Section shall not be deemed to require the Corporate Trustee or Trustees to advance or expend or use its or their own funds or otherwise incur personal financial liability in connection with the making of any advance or advances permitted by this Section if there is reasonable ground to believe that the repayment of such funds or protection from such liability is not reasonably assured to it or them under the provisions of this Indenture or otherwise.

SECTION 8. That it will cause this Indenture and all indentures and instruments supplemental hereto to be kept recorded and filed in such manner and in such places as may be required by law in order to make effective the lien intended to be created hereby and to maintain the lien hereof; and that it will furnish to the Corporate Trustee: (a) promptly after the execution and delivery of this Indenture and of each supplemental indenture, an opinion of counsel either stating that in the opinion of the signer this Indenture and all supplemental indentures have been properly recorded and filed so as to make effective the lien intended to be created thereby, and reciting the details of such action, or stating that in the opinion of the signer no such action is necessary to make such lien effective; and (b) at least annually after the execution and delivery of this Indenture, an opinion of counsel either stating that in the opinion of the signer such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture and of each supplemental indenture, as is necessary to maintain the lien thereof, and reciting the details of such action, or stating that in the opinion of the signer no such action is necessary to maintain such lien.

SECTION 9. That it will execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purposes of this Indenture, and to make subject to the lien hereof any property hereafter acquired



SECTION 12. That it is duly authorized under the laws of the States of Delaware and Iowa and under all other applicable provisions of law to create and issue the bonds herein provided for and to execute and deliver this Indenture, and that all corporate action on its part for the creation and issue of said bonds and the execution of this Indenture has been duly and effectually taken, and that said bonds when issued and in the hands of the holders thereof are and will be valid and enforcible obligations of the Company, and that this Indenture is and always will be a valid mortgage or deed of trust to secure the payment of said bonds.

SECTION 13. That upon the issue, subsequently to May 2, 1940, of each and every bond hereby secured it shall and will pay all such United States Internal Revenue and other taxes (which may legally be paid by the Company) as may be imposed by any law of the United States of America, of the State of Delaware or the State of Iowa or of the several states in which its property and plants, or any part thereof may be located, then in force applicable to and imposed upon the issue of such bond, and that as evidence of such payment it will cause to be affixed to each bond issued hereunder or to this Indenture and duly cancelled all such Internal Revenue and other stamps and that it will cause to be endorsed or affixed to each bond issued hereunder or to this Indenture such statement or recital as shall be necessary to comply with any and every such law then in force.

SECTION 14. That it will not issue, or permit to be issued, any bonds hereunder in any manner other than in accordance with the provisions of this Indenture and the agreements in that behalf herein contained, and that it will faithfully observe and perform all the conditions, covenants and requirements of this Indenture and of all indentures supplemental thereto as modified or amended by the Supplemental Indenture dated May 2, 1940.

SECTION 15. That it will duly and punctually perform all the conditions and obligations on it imposed by the terms of any mortgage or trust indenture existing immediately prior to the time of acquisition, upon property acquired subsequently to April 30,



and intended to be subject to the lien of this Indenture, and to transfer to any new trustee or trustees the estate, powers, instruments or funds held in trust hereunder.

SECTION 10. That it will at all times keep or cause to be kept proper books of record and account in which full, true and correct entries will be made, of all dealings or transactions of or in relation to the plants, properties, business and affairs of the Company; the Company will: (a) furnish to the Corporate Trustee within four months after the close of each fiscal year (which shall, for purposes of this Section, be deemed a calendar year unless the Company shall in writing have advised the Corporate Trustee otherwise), a balance sheet of the Company as of the close of such fiscal year and a statement of income and expenses of the Company for such fiscal year, which balance sheet and statement of income and expenses shall be certified by the Treasurer of the Company and, if requested by the Corporate Trustee, shall be accompanied by a report with respect thereto of an independent public accountant; (b) upon request of the Corporate Trustee permit the Corporate Trustee or an accountant and/or an engineer for that purpose duly authorized by the Corporate Trustee to inspect the books, accounts, papers, documents and memoranda of the Company, as well as its plants and properties, and to take from the books, accounts, papers, documents and memoranda of the Company such extracts as may be deemed expedient; and (c) upon request of the Corporate Trustee furnish to the Corporate Trustee a statement, listing in reasonable detail, all or any part of the property of the Company.

SECTION 11. That it will not go into voluntary bankruptcy or insolvency, or apply for or consent to the appointment of a receiver of itself or of its property or make any general assignment for the benefit of its creditors, or suffer any order adjudicating it to be bankrupt or insolvent or appointing a receiver of it or of its property to be made and remain unvacated for a period of ninety (90) days; provided that the provisions of this Section shall not be construed or be deemed to apply to proceedings for the reorganization of the Company under the Bankruptcy Act unless therein the Company shall be adjudicated a bankrupt.



1940, or given to secure a portion of the purchase price of any such property and will duly and punctually pay the principal of and interest on all bonds or other obligations secured by any such mortgage or trust indenture within the period of grace, if any, specified therein, to such an extent as shall be necessary to keep the security afforded by this Indenture substantially unimpaired and that it will not permit any default under any such mortgage or trust indenture to occur and continue for the period of grace, if any, specified therein, if thereby the security afforded by this Indenture be materially impaired or endangered; provided that no failure of the Company to observe or perform any provision of any such mortgage or trust indenture shall constitute or shall be deemed to be or to become a default under any provision of this Indenture, if the Company shall have given written notice to the Corporate Trustee of its intention not to observe or perform such provision, stating the nature of the provision and the facts constituting non-observance thereof, and shall deliver to or file with the Corporate Trustee an engineer's certificate and a concurring opinion of counsel (as herein defined), each stating the signer's opinion to the effect that in view of the situation existing or confronted the non-observance of such provision neither is nor will be detrimental to the best interests of the holders of the bonds secured by this Indenture.

SECTION 16. That no bonds or obligations secured by any mortgage or trust indenture which is prior in lien to the lien of this Indenture shall be authenticated and delivered or issued after any of the property subject to the lien of such mortgage or trust indenture shall have been acquired by the Company except in lieu of mislaid, lost, destroyed, mutilated or stolen bonds or upon transfer or exchange of bonds previously issued under such mortgage or trust indenture and the Company further covenants and agrees to deliver to the trustee under any such prior mortgage or trust indenture at the time or approximately at the time that the property subject thereto shall be acquired by the Company a notice signed in the name of the Company under its corporate seal, stating in substance that in accordance with the provisions of this Section no bonds or other obligations are to be authenticated and delivered or issued under the particular mortgage or trust indenture specified contrary to the prohibition of this Section.

Upon the release, satisfaction or discharge of any such mortgage or trust indenture all moneys, then held by the trustee under such mortgage or trust indenture so released, satisfied or discharged, which shall have been derived from insurance upon or shall be the proceeds of the release from the lien of this Indenture of any property which was owned by the Company on April 30, 1940 or which shall have been used subsequently to April 30, 1940 in such manner as to disqualify it as a basis for the issuance of bonds under the provisions of Section 2 of Article V of this Indenture shall forthwith be paid to the Corporate Trustee under this Indenture and shall be added to the Release Fund provided for in Article X hereof and shall be held and/or disposed of by the Corporate Trustee in accordance with the provisions relating to such Release Fund.

Section 17. That in the event that the Company shall at any time sell, exchange or otherwise dispose of the properties comprising the street railway or interurban electric railway system of the Company described in Subdivision Eighth of the granting clauses of the Original Indenture (being the railway system of the Company in the City of Centerville and extending thence from said City of Centerville to the City of Albia, County of Monroe, State of Iowa, and also extending from the City of Centerville to the Town of Mystic in the County of Appanoose, in the State of Iowa), as an operating unit or substantially as an operating unit, it will deposit with the Corporate Trustee under this Indenture any and all cash proceeds received in consideration therefor, to be added to and held and dealt with by the Corporate Trustee as a part of the Release Fund provided for in Article X of this Indenture and likewise that in the event any part of such consideration shall consist of stocks, bonds, or other securities, or other property, it will, when, as, and if it shall realize any cash proceeds from the sale, exchange or other disposition of such stocks, bonds or other securities, or other property, also deposit the same with the Corporate Trustee to be held and/or dealt with by the Corporate Trustee as a part of the said Release Fund.



Section 18. That it will not apply for or permit the authentication and delivery under this Indenture subsequent to April 30, 1940 and prior to January 1, 1941, of any bonds in addition to the $10,000,000 aggregate principal amount of bonds of the Series due May 1, 1970 mentioned in Article III of this Indenture, said January 1, 1941 being the latest redemption date of all bonds outstanding under the Original Indenture at the time of the authentication and delivery of said bonds of Series due May 1, 1970.

Section 19. That whenever necessary to avoid or fill a vacancy in the office of Trustee, the Company will in the manner provided in Section 21 of Article XVI hereof appoint a Trustee.

Section 20. (a) That, if a paying agent other than the Corporate Trustee shall be appointed, it will cause such paying agent to execute and deliver to the Corporate Trustee an instrument in which such paying agent shall agree with the Corporate Trustee, subject to the provisions of subdivision (c) of this Section 20, (1) that such paying agent shall hold in trust for the benefit of bondholders or the Trustees all sums held by such paying agent (whether such sums are so paid to such paying agent by the Company or any other obligor on the bonds outstanding hereunder) for the payment of the principal of or interest or premium, if any, on bonds issued hereunder; and (2) that such paying agent shall give the Corporate Trustee notice of any default by the Company or any other obligor on the bonds outstanding hereunder in the making of any such payment.

(b) That, if the Company acts as its own paying agent it will, on or before each due date of each installment of principal or interest on the bonds, set aside and segregate and hold in trust for the benefit of bondholders or the Trustees a sum sufficient to pay such principal or interest or premium so becoming due on the bonds, and will notify the Corporate Trustee of such action, or of any failure to take such action.

(c) Anything in this Section to the contrary notwithstanding, the Company may at any time for the purpose of obtaining a release or satisfaction of this Indenture or for any other reason,



pay or cause to be paid to the Corporate Trustee all sums held in trust as required by this Section, subject to the provisions and limitations in this Indenture contained.

(d) Anything in this Section to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section is subject to the provisions of Section 5 of Article XX hereof.

Section 21. That it will furnish or cause to be furnished to the Trustees between August 1 and August 31 in the year 1940 and between February 1 and February 28 and also between August 1 and August 31 in each year beginning with the year 1941, and at such other times as the Trustees may request in writing, a statement in such form as the Trustees may reasonably require, containing all the information in the possession or control of the Company or of any of its paying agents as to the names and addresses of the holders of bonds issued under this Indenture obtained since the date as of which the next previous list, if any, was furnished. Each such statement shall be dated as of a date not earlier than the tenth day of the month next preceding the month during which said statement is furnished, and need not include information received after such date.

Section 22. That it will

(1) file with the Trustees within fifteen (15) days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Securities and Exchange Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with said Commission pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then that it will file with the Trustees and said Commission, in accordance with any rules and regulations that may be prescribed from time to time by said Commission, such of the supplementary and periodic information, documents and re-



ports which may be required pursuant to section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustees and the Securities and Exchange Commission, in accordance with such rules and regulations as may be prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations, including in the case of annual reports, if required by such rules and regulations, Independent Accountant's Certificates as to compliance with conditions or covenants, compliance with which is subject to verification by accountants, but no such certificate or opinion shall be required as to any matter specified in clauses (A), (B) or (C) of paragraph (3) of subsection (c) of Section 314 of the Trust Indenture Act of 1939 as enacted prior to the date of this Indenture; and

(3) transmit to the holders of bonds issued under this Indenture in the manner and to the extent provided in subdivision (c) of Section 10 of Article XVI hereof, such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (1) and (2) of this Section 22 as may be required by rules and regulations prescribed from time to time by the Securities and Exchange Commission.

## ARTICLE IX.

### Redemption of Bonds.

Section 1. Such of the bonds issued hereunder as are, by their terms, redeemable before maturity may, at the option of the Company, be redeemed at such times, in such amounts and at such prices as may be specified therein and in accordance with the provisions of the six next succeeding sections of this Article numbered from 2 to 7, both inclusive.

SECTION 2. In case of redemption of a part only of the bonds of any series, the particular bonds so to be redeemed shall be selected by the Corporate Trustee by lot, according to such method as it shall deem proper in its discretion. In any such selection 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. Notice of intention to redeem shall be given, by or on behalf of the Company by publication at least once in each of not less than three successive calendar weeks preceding the date fixed for redemption and in each case on any day in the week (the first publication to be at least thirty days, or such other number of days as shall be fixed by the terms of the bonds to be redeemed, before the redemption date), in a daily newspaper printed in the English language, published and of general circulation in Chicago, Illinois, and in a newspaper printed in the English language, published and of general circulation in each other city, if any, in which the principal of any of the bonds to be redeemed may have been made payable. In case a part only of the bonds of any particular Series is to be redeemed, said notice of redemption shall specify the numbers of such coupon bonds to be redeemed, and if any numbers drawn by the Corporate Trustee shall be numbers representing registered bonds without coupons, such notice shall specify the numbers of such registered bonds without coupons to be redeemed in whole or in part. In case any registered bond without coupons is to be redeemed in part only, said notice shall specify the respective portions of the principal amount thereof to be redeemed, and shall state that upon presentation of such registered bond without coupons for redemption a new bond or bonds of the same Series and of the same maturity, of an aggregate principal amount equal to the unredeemed portion of such registered bond without coupons will be issued in lieu thereof. A copy of such notice shall also be mailed by or on behalf of the Company, not less than a like number of days before the redemption date, to the holders of any registered bonds without coupons or coupon bonds



registered as to principal which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of such bonds. In case a portion only of any registered bond without coupons shall be called for redemption, the Company shall execute and the Corporate Trustee shall authenticate and deliver to, or upon the written order of the registered owner of such registered bond, and at the expense of the Company, a new bond or bonds of the same Series and of the same maturity for the principal amount of the surrendered registered bond without coupons less the principal amount thereof so redeemed and paid.

SECTION 3. In the event that the Company shall give and complete notice of its intention to redeem any of the bonds, the Company shall, and it hereby covenants that it will, on or before the redemption date specified in such notice, deposit with the Corporate Trustee or leave with the Corporate Trustee if previously deposited a sum of money sufficient to redeem all of such bonds on such date.

SECTION 4. Moneys deposited by the Company with the Corporate Trustee under the provisions of this Article or left with the Corporate Trustee if previously deposited, for the redemption of any of the bonds issued hereunder (whether all or a part only of the bonds issued hereunder or of any particular series are to be redeemed) shall be deposited and, subject to the provisions of Section 5 of Article XX, held in a trust fund for the account of the respective holders of the bonds to be redeemed and shall be paid to them respectively, upon presentation and surrender of such bonds with all unmatured coupons appertaining thereto; and on and after such redemption date if the moneys for the redemption of said bonds shall have been deposited as aforesaid, or left with the Corporate Trustee if previously deposited, such bonds shall cease to bear interest, and such bonds shall cease to be entitled to the lien, benefits or security of this Indenture, the coupons for interest maturing subsequent to that date shall be void



and as respects the Company's liability thereon such bonds and coupons shall be deemed to have been paid.

SECTION 5. All bonds issued hereunder paid, retired or redeemed under any of the provisions of this Article shall forthwith be cancelled, and the Corporate Trustee shall thereupon cremate such bonds and deliver evidence of the cremation thereof to the Company; provided, however, that any bond or bonds paid, retired or redeemed through the operation of any sinking fund or other fund applicable to the retirement thereof shall not be so cancelled if the provisions establishing such fund prohibit the cancellation of bonds so paid, retired or redeemed through the operation thereof.

SECTION 6. If the amount necessary to redeem any bonds called for redemption as aforesaid shall have been deposited with the Corporate Trustee or left with the Corporate Trustee if previously deposited, in trust for the account of the respective holders of such bonds on or before the date specified for such redemption, then from and after the redemption date of such bonds if the notice provided for in respect of the redemption thereof shall have been duly given, or from and after the first date upon which such notice is published, if such notice shall state that moneys to effect such redemption have been deposited with or set apart by the Corporate Trustee and are immediately available for payment to the respective holders of the bonds to be redeemed upon presentation and surrender thereof (provided such moneys are immediately available therefor and provision satisfactory to the Corporate Trustee shall have been made for any further publications of such notice which may be required under this Indenture and for the payment of the expense of such publications), all such bonds, insofar as such deposit shall have been made or moneys set apart as aforesaid and all coupons appertaining thereto, shall be deemed to have been paid and the Company and the Corporate Trustee shall be entitled to consider such bonds redeemed from the holder or holders thereof and paid for all purposes of this Indenture.

SECTION 7. Subject to the provisions of and to the extent permitted by Section 2 of Article XVI hereof in case any question



(other than a question as to whether a default shall have occurred) shall arise as to whether proper and sufficient action shall have been taken for the redemption of bonds, such question shall be decided by the Corporate Trustee and the decision of the Corporate Trustee shall be final and binding upon all parties in interest.

## ARTICLE X.

### POSSESSION, USE AND RELEASE OF MORTGAGED PROPERTY.

SECTION 1. Unless a completed default of the character specified in Section 1 of Article XIII of this Indenture has occurred and has not been rescinded or annulled as provided in Section 1 of Article XIII, or been otherwise cured or made good to the satisfaction of the Corporate Trustee, the Company shall be suffered and permitted to possess, use and enjoy the mortgaged and pledged property (except money and securities which are expressly required to be deposited with the Corporate Trustee or the Trustees), and to receive and use the rents, issues, income, products and profits thereof, with power, in the ordinary course of business, freely and without let or hindrance on the part of the Trustees or of the bondholders, to use and consume materials and supplies, and, except as herein otherwise expressly provided to the contrary, to exercise any and all rights under or in relation to choses in action, leases and contracts.

SECTION 2. Unless a completed default of the character specified in Section 1 of Article XIII of this Indenture has occurred and has not been rescinded or annulled as provided in Section 1 of Article XIII, or been otherwise cured or made good to the satisfaction of the Corporate Trustee, the Company may at any time, without any release or consent by the Trustees or either of them,

(1) sell or otherwise dispose of, free from the lien of this Indenture, any machinery, equipment, tools, implements or other property which may have become obsolete or unfit for use, upon renewing, replacing, or offsetting the same by or substituting for the same, new machinery, equipment, tools,

implements, or other property of at least equal value to that of those disposed of;

(2) cancel, or make changes or alterations in, or substitutions of, any and all contracts, leases and right of way grants of either land or easements;

(3) surrender any franchise or governmental consent or permit now held or which may be hereafter held by the Company or under which it may now be operating or may hereafter operate any of its properties or assent to or arrange for any modification or alteration of any of the terms thereof, provided that either (a) the Company shall still have, under some other franchise or governmental consent, permit or right or under the modified franchise or governmental consent or permit, or under a new franchise, license, governmental consent or permit, received in exchange for the surrendered franchise or governmental consent or permit or otherwise (subject to the lien of this Indenture and free from any liens prior thereto, except prepaid and/or permitted liens as hereinafter defined, and/or any other lien or liens for the payment of money or its equivalent existing immediately prior to the time of acquisition upon any property acquired by the Company subsequent to the date hereof or given to secure a part of the purchase price of any such property), authority, in the opinion of counsel, sufficient for the conduct of the same or an extended business in the same or substantially the same or an extended territory for the same or substantially the same or an extended or unlimited period of time or until the maturity date of the last maturing series of bonds at the time outstanding hereunder or for the most extended period or term then possible under existing laws or regulations or (b) in the opinion of the Board of Directors it is no longer necessary or desirable for the Company to continue to operate in the territory affected or to comply with the terms and provisions of the franchise or governmental consent or permit.



to be released, for a consideration described in reasonable detail in the certificate which consideration shall consist in whole or in part of one or more of the following: (1) cash, or (2) obligations secured by purchase money first mortgage upon the property released or (3) any other property, or (4) in case of the release of any pledged securities then any other securities, provided that if the property to be released is of a character which would be included in the definition of permanent additions contained in Section 4 of Article I of this Indenture (without the restriction as to date of acquisition, construction or erection) then such property to be received in exchange therefor shall be property of a character included in such definition of permanent additions; such consideration to be set out in reasonable detail in such certificate.

(d) stating (i) the fair value of obligations secured by purchase money mortgage, or of other securities, if any, constituting any part of the consideration received or to be received for the property released, and (ii) the aggregate fair value of all such obligations and other securities made the basis for the release of property or securities subject to the lien of this Indenture since the commencement of the current calendar year as set forth in certificates previously delivered to the Corporate Trustee, and (iii) the aggregate of the amounts stated pursuant to clauses (i) and (ii) above;

(e) stating the fair value of the property, if any, (other than cash or obligations secured by purchase money mortgage on the property released or other securities) constituting any part of the consideration received or to be received for the property or securities the release of which is requested, and whether any of such property consists of property which within six months prior to the date of acquisition thereof by the Company was used or operated by any person or persons other than the Company in a business similar to that in which it has been or is to be used



SECTION 3. Unless a completed default of the character specified in Section 1 of Article XIII of this Indenture has occurred and has not been rescinded or annulled as provided in Section 1 of Article XIII, or been otherwise cured or made good to the satisfaction of the Corporate Trustee, the Company may sell, exchange or otherwise dispose of any of the mortgaged and pledged property and the Trustees shall release the same from the lien hereof upon the application of the Company and delivery to the Corporate Trustee of:

(1) a resolution, as herein defined, requesting such release; provided that such resolution shall not be required in respect of any piece or parcel of property to be released at any one time the consideration for which as stated in the engineer's certificate, provided for in subdivision (2) of this Section 3, does not exceed One Thousand Dollars ($1,000).

(2) an engineer's certificate, as herein defined, made and dated not more than ninety (90) days prior to the delivery to the Corporate Trustee of the application for such release:

(a) stating that, in the opinion of the signers, such release is desirable in the conduct of the business of the Company, and that the security hereby afforded, taking into consideration the amount of cash, if any, required to be deposited as hereinafter provided in the last paragraph of this Section, will not be impaired by such release;

(b) containing a brief description of the property or securities the release of which is requested, and stating (i) the fair value thereof, and (ii) the fair value of all other property or securities released since the commencement of the current calendar year as set forth in certificates previously delivered to the Corporate Trustee; (iii) the aggregate of the amounts stated pursuant to clauses (i) and (ii) above; and (iv) the aggregate principal amount of bonds issued under this Indenture outstanding at the date of the certificate;

(c) stating that the Company has sold or exchanged, or contracted to sell or exchange, the property or securities so



or operated by the Company and, if any such property is stated to have been so used or operated, (i) briefly describing such property and (ii) stating the fair value of such property;

(3) in case the aggregate fair value of property and securities as stated in the engineer's certificate pursuant to the requirements of clause (iii) of paragraph (b) of subdivision (2) of this Section is equal to or exceeds ten per cent (10%) of the aggregate principal amount of all bonds issued under this Indenture at the time outstanding, as stated in the engineer's certificate, then an independent engineer's certificate stating the fair value of the property and securities the release of which is requested; provided that such independent engineer's certificate shall not be required if the fair value of the property and securities the release of which is requested, as stated in the engineer's certificate pursuant to the requirements of clause (i) of paragraph (b) of subdivision (2) of this Section, is less than the greater of (1) $25,000 or (2) one per cent (1%) of such aggregate principal amount of bonds;

(4) in case the aggregate fair value of the obligations secured by purchase money mortgage and other securities, if any, as stated in the engineer's certificate pursuant to the requirements of clause (iii) of paragraph (d) of subdivision (2) of this Section, is equal to or exceeds ten per cent (10%) of the aggregate principal amount of all bonds issued under this Indenture at the time outstanding, as stated in the engineer's certificate, then an independent engineer's certificate stating the fair value of the obligations secured by purchase money mortgage and other securities, if any, constituting any part of the consideration to be received for the property the release of which is requested; provided that such independent engineer's certificate shall not be required if the fair value of such obligations secured by purchase money mortgage and other securities, as stated in the engineer's certificate pursuant to clause (i) of paragraph (d) of subdivision (2)

of this Section is less than the greater of (1) $25,000 or (2) one per cent (1%) of such aggregate principal amount of bonds;

(5) in case the fair value of any property constituting any part of the consideration received or to be received for property released which within six months prior to the date of acquisition thereof was used or operated by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company as stated in the engineer's certificate pursuant to the requirements of clause (ii) of paragraph (e) of subdivision (2) of this Section, is equal to or exceeds the greater of (1) $25,000 or (2) one per cent (1%) of the aggregate principal amount of bonds issued under this Indenture at the time outstanding, as stated in the engineer's certificate, then an independent engineer's certificate stating the fair value of such property;

(6) a Treasurer's certificate (as herein defined) stating that the property or securities, the release of which is requested, either (a) is not subject to the lien of any other mortgage or trust indenture existing immediately prior to the time of acquisition upon any property acquired by the Company subsequently to April 30, 1940, or given to secure a part of the purchase price of any such property, or, (b) that it is subject to the lien of such other prior mortgage or trust indenture. In case such Treasurer's certificate shall state that the property or securities, the release of which is requested, is not subject to the lien of any other such mortgage or trust indenture, then there shall be delivered to the Trustee;

(7) any money or obligations or securities stated in the engineer's certificate, provided for in subdivision (2) of this Section, to be the consideration (or any part thereof) for the property or securities the release of which is requested; provided that if any property so to be released shall be subject also to the lien of any mortgage or trust indenture existing immediately prior to the time of acquisition upon



examined the permanent additions so specified; that the permanent additions so specified are permanent additions as defined in Section 4 of Article I hereof and that they are desirable for use and are used or intended to be used in the conduct of the business of the Company; and there shall also be delivered to the Corporate Trustee documents conforming to the requirements of subdivisions (5) and (6) of Section 5 of Article V of this Indenture with such variations or omissions from or insertions in the opinion of counsel required by said subdivision (5) as may be appropriate in the light of the purpose for which it is used.

In the event that the fair value of the property or securities, including obligations secured by purchase money mortgage, the release of which is requested, shall exceed the amount of cash, plus the fair value of other property and securities, including obligations secured by purchase money mortgage, received as a consideration therefor as shown by the certificates hereinabove in this Section provided for, the difference may be deposited with the trustee under such other mortgage or trust indenture, if any, shown by the Treasurer's certificate hereinabove provided for in this Section to be prior to the lien of this Indenture on the property or securities released, but otherwise shall be deposited with the Corporate Trustee under this Indenture and in either case shall be held and/or disposed of in the manner provided by the indenture under which it shall have been deposited for the disposition of money or cash representing the proceeds of property released from the lien thereof.

SECTION 4. Any obligations received by the Corporate Trustee pursuant to the provisions of Sections 2 or 3 of this Article may be collected by it. Unless a completed default of the character specified in Section 1 of Article XIII of this Indenture has occured and has not been rescinded and annulled as provided for in Section 1 of Article XIII or been otherwise cured or made good to the satisfaction of the Corporate Trustee, interest as received on any such obligation by the Corporate Trustee shall be paid over to the Company.



any property acquired by the Company subsequently to April 30, 1940 or given to secure a part of the purchase price of any such property, such money or obligations may be deposited with the trustee of such mortgage or trust indenture to be held and applied in accordance with the provisions thereof, the Company hereby covenanting that upon the satisfaction or release of any such mortgage or trust indenture any of such monies or obligations remaining in the possession or control of the trustee under the same will be forthwith deposited with the Corporate Trustee hereunder to be held and applied in accordance with the provisions of this Article;

(8) an opinion of counsel, as herein defined, to the effect that any obligations included in the consideration for such release are, in his or their opinion, valid obligations, and that any purchase money mortgage securing the same is sufficient to afford a lien upon the property to be released, and stating also, in case any securities are included in the consideration for such release, that such securities have been duly and validly issued and have been properly assigned or endorsed and have been or upon the delivery thereof to the Corporate Trustee will be subject to the lien of this Indenture, and stating also, in case the Trustees are requested to release any franchise, that such release will not impair the right of the Company to operate any of its remaining properties;

(9) in case the property to be released is of a character which would be included in the definition of permanent additions contained in Section 4 of Article I of this Indenture (without the restriction as to date of acquisition, construction or erection), and the consideration for the property to be released consists of permanent additions, the engineer's certificate required by subsivision (2) of this Section 3 shall also (a) describe such permanent additions in such manner and detail as to show conformity thereof with the definition of permanent additions set forth in Section 4 of Article I of this Indenture and (b) state that the signers either personally or through one or more competent assistants have



SECTION 5. Any new property acquired by exchange or purchase to take the place of any property released under any provision of this Article shall forthwith and without further conveyance become subject to the lien of and be covered by this Indenture as a part of the mortgaged property; but the Company covenants that if so requested by the Corporate Trustee it will convey the same, or cause the same to be conveyed, to the Trustees by appropriate instruments of conveyance upon the trusts and for the purposes of this Indenture.

SECTION 6. Should any of the mortgaged property be taken by exercise of the power of eminent domain or should any governmental body or agency, at any time, exercise any right which it may have to purchase any part of the mortgaged property, the Trustees may release the property so taken or purchased, upon being furnished with an opinion of counsel, as herein defined, to the effect that such property has been taken by exercise of the power of eminent domain or purchased by a governmental body or agency in the exercise of a right which it had to purchase the same. Subject to the requirements of any mortgage prior in lien to the lien of this Indenture, the proceeds of all property so taken or purchased shall be deposited with the Corporate Trustee hereunder.

SECTION 7. In case the mortgaged property shall be in the possession of a receiver, lawfully appointed in any action or judicial proceeding for the foreclosure hereof or for the enforcement of the rights of the Trustees or of the bondholders under this Indenture, the powers hereinbefore conferred upon the Company with respect to the sale or other disposition of the mortgaged or pledged property may be exercised by such receiver, and any request, certificate or appointment made or signed by such receiver for such purpose shall be as effective as if made by the Company or its Board of Directors or any of its officers in the manner herein provided; and if the Trustees, or any of them, shall be in possession of the mortgaged property under any provision of this Indenture, then such powers may be exercised by such Trustee in its discretion. The powers conferred by this Section upon a receiver or any trustee may be exercised by such receiver or trustee notwithstanding that any one or more of the completed defaults specified in Section 1 of Article XIII hereof shall have happened and be continuing.

SECTION 8. No purchaser in good faith of property purporting to have been 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 or grantee of any property or rights sold, granted, exchanged or otherwise disposed of by the Company and released by the Trustees, if such release is required by the provisions hereof, be under obligation to ascertain or inquire into the authority of the Company to make any such sale, grant, exchange or other disposition.

SECTION 9. Any and all cash or moneys deposited with or received by the Trustees, or either of them hereunder, pursuant to any of the provisions of any section of this Article or in payment of or in exchange for any of the obligations deposited with or received by the Trustees, or either of them pursuant to the provisions of this Article or of Article XII (except, however, interest on said obligations) or which under any of the provisions of this Indenture are to be added to, or treated in the same manner or held and/or disposed of by the Trustees or any of them in the same manner as moneys or cash in the Release Fund, shall constitute a fund herein termed Release Fund and shall be held by the Corporate Trustee in trust for the security of the bonds issued and outstanding hereunder until withdrawn or paid out, as hereinafter provided.

SECTION 10. At the option of the Company any moneys constituting all or any part of the Release Fund shall be paid out by the Corporate Trustee from time to time in an amount or amounts equal to the cost or fair value whichever is less (after making the deductions provided for in Section 3 of Article V hereof on account of property retired or abandoned to a date not



more than sixty (60) days preceding the date of the delivery to the Corporate Trustee of the order of the Company hereinafter in this Section provided for) of permanent additions, of the character which under the provisions of Article V hereof might otherwise be made the basis for the issue of bonds hereunder. Such moneys shall from time to time be paid out of such Release Fund by the Corporate Trustee upon the written order of the Company signed by its President or Vice President, accompanied by a resolution, as herein defined, authorizing such written order, and such certificates, opinions, instruments and other papers with respect to such permanent additions as would be necessary under the provisions of Section 4 of Article XI hereof to entitle the Company to the withdrawal of monies in the Maintenance Fund upon the basis of the cost or fair value, whichever is less, of such permanent additions; provided that the engineer's certificate required by subdivision (1) of said Section 4 of Article XI in addition to the statements required by said subdivision (1) shall also contain a statement conforming to the requirements of paragraph (e) of subdivision 2 of Section 5 of Article V of this Indenture showing that proper deduction has been made on account of property retired or abandoned as hereinbefore provided in this Section and provided further that the documents to be delivered to the Corporate Trustee under the requirements of this Section shall conform to the applicable requirements of Section 4 of Article XI and paragraph (e) of subdivision 2 of Section 5 of Article V, but with such omissions or variations therefrom, or insertions therein, as may be appropriate in the light of the purpose for which they are used.

SECTION 11. In case at any time any money shall be paid out by the Corporate Trustee under the provisions of Section 10 of this Article on the basis of permanent additions, the Company may, at its option, at any time, or from time to time, replace the sum so paid out by depositing with the Corporate Trustee to the credit of the Release Fund, in addition to all other moneys required to be deposited therein, a sum in cash equal to the moneys so paid out; and thereupon or thereafter, at the option of the Company, bonds



may be authenticated and delivered by the Corporate Trustee upon the basis of the acquisition or construction of such permanent additions in accordance with any applicable provisions of this Indenture. The sum so replaced shall thereafter be available for all purposes for which it would have been available if the amount thereof had not been withdrawn under the provisions of the next preceding section.

SECTION 12. At any time upon the request of the Company, expressed by resolution, as herein defined, the Corporate Trustee shall to the extent that such bonds are available for such purchase, apply all or any part of the cash in the Release Fund held by it to the purchase of bonds then outstanding hereunder of such series (one or more) as the Company may designate at a price not exceeding the highest current redemption price of, and the accrued interest on, such bonds as shall be by their terms redeemable before maturity, and at no more than one hundred and five per cent (105%) of the principal of, plus accrued interest on, bonds not so redeemable. Upon request of the Company expressed by resolution the Corporate Trustee shall purchase bonds as aforesaid in the open market at the lowest prices reasonably obtainable, provided the cash in the said Release Fund then held by it and available for the purchase of bonds shall be less than Fifty Thousand Dollars ($50,000), or in the event that said fund shall then exceed Fifty Thousand Dollars ($50,000), shall purchase bonds by inviting offers thereof in the manner specified in this Section. In order to invite offers of such bonds the Corporate Trustee shall, by notice published once in each of at least two (2) successive calendar weeks and in each case on any day of the week in a daily newspaper of general circulation published in the City of Chicago, State of Illinois, and in a newspaper of general circulation published in each other city in which the principal of any of the bonds then outstanding and designated by the Company for purchase as in this Section provided may be payable, advertise for written proposals to sell to it on or before a specified date bonds then outstanding hereunder of the Series designated by the Company; and the Corporate Trustee, to the extent as nearly as is



possible, of such funds then in its hands and requested by the Company to be so applied, shall purchase the bonds so offered at the lowest price or prices asked therefor, subject to the limitations as to the price to be paid in this Section set forth, and reasonable notice shall be given by the Corporate Trustee to the owner or owners of the bonds whose proposals may be accepted. Upon the request by resolution hereinabove in this Section provided for, the Corporate Trustee may also, in its discretion, and upon request of the Company so to do, shall, invite offers of bonds for sale to the Release Fund in any other usual manner. Should there be two or more proposals at the same price aggregating more than the amount which the Corporate Trustee has available for investment, after having accepted all proposals at lower prices, the Corporate Trustee shall in accepting proposals, give preference to such proposals as are subject to acceptance of a portion thereof as against proposals not subject to such acceptance, and shall as between proposals subject to acceptance of a portion thereof, accept the same pro rata, and shall as between proposals not subject to such acceptance, select by lot, according to such method as the Corporate Trustee shall deem proper in its discretion, the proposals to be accepted. The Corporate Trustee shall have the right to reject any or all proposals in whole or in part if it can at the time of opening said proposals purchase the requisite amount of such bonds or any part thereof at a lower price than it could by accepting said proposals. All offers by holders shall be subject to acceptance of a portion thereof unless otherwise expressed in the offers and all notices inviting written proposals shall so state. Upon the purchase of or upon the election (as provided in this Section) of the Corporate Trustee to purchase any bond, as hereinabove provided, the Corporate Trustee shall notify the Company in writing thereof, specifying the serial numbers and principal amount of the bonds purchased or to be purchased and the amount of the accrued interest, if any, thereon paid or to be paid by the Corporate Trustee on such purchase, and the Company covenants that it will, from time to time, upon the receipt by it of any such notice, immediately pay to the Corporate Trustee, as an additional payment to the Release Fund, an amount in cash equal to such accrued interest on the bonds so purchased, or to be purchased, as specified in such notice to the end that the Release Fund shall not be diminished by the payment therefrom of interest.

SECTION 13. At any time upon the request of the Company, expressed by resolution, as herein defined, the Corporate Trustee shall as soon as practicable thereafter apply all or any part of the cash in the Release Fund held by it to the redemption of bonds issued hereunder, which are by their terms redeemable before maturity, of such series (one or more) if any, as may be designated by the Company in the manner and as provided for redemption of bonds in Article IX hereof and in the event of each such redemption the Corporate Trustee shall notify the Company in writing forthwith of the bonds selected for redemption specifying the amount of accrued interest payable in respect of the bonds to be redeemed upon such redemption and the Company covenants that it will give or cause to be given the notice provided for in respect of the redemption of such bonds and will, at least three days prior to the date fixed for such redemption, deposit with the Corporate Trustee an additional amount of cash equal to such accrued interest, to the end that the Release Fund shall not be diminished by the payment of interest therefrom.

SECTION 14. All funds amounting to Fifty Thousand Dollars ($50,000) or over remaining in the Release Fund for a period of twenty-four months, which shall not have been made the subject of a proper request by the Company for withdrawal in respect of the cost or fair value of permanent additions, or for application to the purchase or redemption of bonds as herein provided, shall be applied by the Corporate Trustee to the redemption of bonds in the manner specified in Section 13 of this Article, choosing for such purpose bonds of the series of the lowest current redemption price that may be then outstanding and available for such purpose; and the Company, in the event of each such application, upon written notice from the Corporate Trustee, shall give or cause to be given the notice provided for in respect of the redemption of such bonds and pay to the Corporate Trustee additional cash equal to all accrued interest, payable upon such application to the end



aforesaid; provided that in the event that any funds which shall be the proceeds of any sale, exchange or other disposition of any securities (on deposit with the Corporate Trustee and pledged hereunder on May 2, 1940) which shall be released by the Trustees shall have remained in the Release Fund for a period of twenty-four months and the Company, prior to the expiration of such twenty-four months, shall have given notice to the Corporate Trustee of its intention to make application to the Corporate Trustee for the withdrawal thereof under the provisions of Section 10 of this Article X then such funds shall not be applied by the Corporate Trustee to the purchase or redemption of bonds as hereinabove in this Section provided until the expiration of an additional period of an additional twelve months.

SECTION 15. The delivery by the Company to the Corporate Trustee of bonds issued hereunder, with their appurtenant unmatured coupons if such bonds be coupon bonds, shall be deemed equivalent under this Article to payment of cash under Sections 3, 6 or 11 of this Article to an amount equal to the aggregate principal amount of the bonds so delivered.

SECTION 16. At the option of the Company, any moneys constituting any part of the Release Fund may be withdrawn by the Company upon the delivery to the Corporate Trustee of bonds issued hereunder with their appurtenant unmatured coupons, if such bonds be coupon bonds, of an aggregate principal amount equal to the amount of moneys so withdrawn.

SECTION 17. All bonds issued hereunder purchased or otherwise acquired by, or delivered to the Corporate Trustee for the Release Fund shall forthwith be cancelled, and the Corporate Trustee shall thereupon cremate such bonds and deliver evidence of the cremation thereof to the Company.

SECTION 18. If the mortgaged property shall be sold, either under the power of sale herein provided, or under decree of court in a suit for the foreclosure of this Indenture, then the Release Fund shall be added to and dealt with as if it were part of the proceeds of such sale.



## ARTICLE XI.

### MAINTENANCE FUND.

SECTION 1. The Company covenants that it will, for the calendar year ending December 31, 1940, and for each calendar year thereafter while any of the bonds of the Series due May 1, 1970 remain outstanding, pay to the Corporate Trustee (subject to the deductions or credits provided for in this Section) on the 1st day of June next succeeding each such calendar year, as a Maintenance Fund a sum of money equal to fifteen percentum (15%) of the gross operating revenue of the Company derived during the calendar year preceding such payment from the operation of its properties subject or intended to be subject to the lien of this Indenture (including, but without limiting by the enumeration thereof, properties used in the business of producing, manufacturing, storing, transporting, transmitting, distributing or supplying electricity and/or gas and/or steam for light, heat, power, refrigeration or other purposes) after deducting therefrom to the extent that the Company so desires, the following credits against such payment:

1. All amounts expended subsequently to January 1, 1940 for ordinary repairs and maintenance of properties subject or intended to be subject to the lien of this Indenture for which no credit has been taken for any preceding calendar year;

2. All amounts expended subsequently to January 1, 1940 for property made, acquired, constructed or erected by the Company to renew, replace or offset property at any time subject or intended to be subject to the lien of this Indenture which has been retired or abandoned, (to an amount equivalent to the carrying value of such property, estimated if not known) for which no credit has been taken for any preceding calendar year; and

3. The cost or fair value, whichever is less, (a) of permanent additions made, acquired, constructed or erected by the Company which have not been disqualified under the provisions of Section 2 of Article V hereof as a basis for the issu-



ance of bonds hereunder and (b) of betterments, improvements, extensions or additions to or about properties, not included in the definition of permanent additions but subject or intended to be subject to the lien of this Indenture and of the character from which the gross operating revenues were derived. Credits under this subdivision (3) shall not include any credit taken under subdivisions (1) or (2) of this Section.

Any credit once taken under subdivision (1), (2) or (3) of this Section for any calendar year shall not again be taken or duplicated for any subsequent calendar year except as and to the extent provided in Section 5 of this Article XI.

Gross operating revenue, as used in this Section 1, shall not be deemed to include any revenue from the purchase and sale of merchandise and appliances acquired for the purpose of sale to customers and others, or any other non-operating income.

SECTION 2. On or before the first day of June next succeeding any such calendar year, the Company shall file with the Corporate Trustee a Treasurer's certificate, as herein defined, stating (a) the amount of the gross operating revenue of the Company derived during such calendar year from the operation of its properties subject, or intended to be subject to the lien of this Indenture; (b) fifteen percentum (15%) of such amount; (c) to the extent that the Company desires to include the same the credits provided for under subdivisions (1), (2) and (3) in said Section 1 separately stated and the total thereof; (d) the credit balance, if any, provided for in Section 5 of this Article XI and (e) the amount of the balance if any, remaining after deducting from the amount set forth under (b) the credits set forth under (c) and (d).

The Company shall at the time of delivery of such Treasurer's certificate pay to the Corporate Trustee as additional security for the bonds issued and to be issued hereunder the amount of the balance, if any, shown under (e) of such certificate. The delivery by the Company to the Corporate Trustee of bonds issued hereunder, with their appurtenant unmatured coupons if such bonds be coupon bonds, shall be deemed equivalent under this Section to payment of cash to an amount equal to the aggregate principal amount of the bonds so delivered.

89

If the Company includes in such Treasurer's certificate the cost and fair value of any permanent additions as a credit pursuant to subdivision (3) of Section 1 of this Article it shall also file with the Corporate Trustee documents with respect to such permanent additions conforming to the requirements of Section 4 of this Article with respect to documents delivered to the Corporate Trustee for the purpose of withdrawing cash deposited with the Corporate Trustee in the Maintenance Fund but with such omissions and variations therefrom or insertions therein as may be appropriate in the light of the purpose for which they are used.

SECTION 3. Any moneys deposited by the Company with the Corporate Trustee in the Maintenance Fund, at the option and upon the request of the Company, expressed by a resolution, shall be applied by the Corporate Trustee to the purchase or redemption of bonds hereby secured in the manner provided for with reference to cash in the Release Fund as provided in Sections 12 and 13 of Article X hereof. At the option of the Company, any moneys constituting any part of the Maintenance Fund may be withdrawn by the Company upon the delivery to the Corporate Trustee of bonds issued hereunder, with their appurtenant unmatured coupons if such bonds be coupon bonds, of an aggregate principal amount equal to the amount of moneys so withdrawn. All bonds issued hereunder, retired through the operation of the provisions of this Article XI, shall forthwith be cancelled, and the Corporate Trustee shall thereupon cremate such bonds and deliver evidence of the cremation thereof to the Company.

SECTION 4. Any monies deposited by the Company with the Corporate Trustee in the Maintenance Fund may be withdrawn from time to time in an amount equal to (a) any credit balance shown by a certificate filed under Section 2 of this Article subsequently to the deposit of such cash and (b) the cost or fair value, whichever is less, of permanent additions as herein defined; provided that there shall be delivered to the Corporate Trustee a written request of the Company accompanied by a resolution, as herein defined, authorizing such request, and in case the Company applies

90

for the withdrawal of such monies upon the basis of the cost or fair value of permanent additions the following certificates, opinions, instruments and other documents:

(1) An engineer's certificate, as herein defined, dated not more than thirty (30) days preceding the date of the withdrawal of the moneys applied for

(A) Specifying the permanent additions proposed as a basis for the withdrawal of the moneys applied for, and stating that the permanent additions so specified were purchased, constructed or otherwise acquired by the Company subsequently to April 30, 1940, and between dates to be specified in the certificate; and describing the permanent additions so specified in such manner and detail as to show conformity thereof with the definition of permanent additions as set forth in Section 4 of Article I of this Indenture.

(B) Stating that the signers, either personally or through one or more competent assistants, have examined the permanent additions so specified; that the permanent additions so specified are permanent additions as defined in Section 4 of Article I hereof and that they are desirable for use and are used or intended to be used in the conduct of the business of the Company; and do not consist in whole or in part of permanent additions which under the provisions of Section 2 of Article V are not permitted to be made the basis for the authentication and delivery of bonds.

(C) Stating the cost, as herein defined, and the fair value, as herein defined, of such permanent additions.

(D) Stating (i) whether any of such permanent additions consists of property which within six months prior to the date of acquisition thereof by the Company was used or operated by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company, and if any such permanent additions are stated to have been so used or operated, (ii) briefly describing such permanent additions,

91

and (iii) stating the fair value thereof and (iv) stating the aggregate principal amount of all bonds issued under this Indenture outstanding at the date of the certificate.

(2) In case the fair value of any permanent additions which within six months prior to the date of acquisition by the Company were used or operated by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company, as stated in the accompanying engineer's certificate pursuant to the requirements of clause (iii) of paragraph (D), subdivision (1), of this Section, is equal to or exceeds the greater of (1) Twenty-five Thousand Dollars ($25,000) or (2) one per cent (1%) of the aggregate principal amount of all bonds issued under this Indenture at the time outstanding, as stated in the engineer's certificate, then an independent engineer's certificate, dated not more than thirty (30) days preceding the date of the withdrawal of the moneys applied for, stating the fair value of such permanent additions.

(3) An opinion of counsel, as herein defined, stating that in the opinion of the signer: (A) the Company has title to the permanent additions, other than paving, grading and other improvements to public properties, specified or described in the accompanying engineer's certificate or that upon the delivery of instruments of conveyance, assignment or transfer specified in the opinion, it will have title to such permanent additions; (B) that all of the permanent additions other than paving, grading and other improvements to public properties of the Company so specified or described are subject to the lien of this Indenture and that none of such permanent additions is subject to any lien for the payment of money or its equivalent prior to the lien of this Indenture, except permitted liens and prepaid liens as herein defined or, in the alternative, stating what, if any, documents should be delivered, recorded or filed so to subject such property to the lien of this Indenture; and (C) that the Company has corporate authority and all necessary permission from governmental authorities to own and, except as to properties for which the Company has no

92

valid franchise, to operate the permanent additions so specified or described. Such opinion may also state that the title to such permanent additions or any specified part thereof in addition to prepaid liens and permitted liens referred to above is subject to easements, restrictions or minor defects of title and the general nature thereof; and such easements, restrictions and minor defects of title shall not prevent the withdrawal of the moneys applied for if such opinion shall also state that in the opinion of the signer they do not materially affect the security afforded by this Indenture for the bonds issued hereunder or the right of the Company to use such property in the conduct of its business for the purpose for which it acquired the same.

(4) The instruments of conveyance, assignment and transfer, if any, specified in such opinion of counsel, in accordance with clause (A) of the foregoing subdivision (3) of this Section, or evidence satisfactory to the Corporate Trustee of the delivery thereof to the Company, and the documents, if any, stated in such opinion of counsel, in accordance with clause (B) of said subdivision, or evidence satisfactory to the Corporate Trustee of the delivery or recording or filing thereof.

For the purpose of withdrawing monies in the Maintenance Fund under the provisions of this Section in respect of the cost or fair value, whichever is less, of permanent additions no deduction shall be made from such cost or fair value on account of property retired or abandoned which has not been replaced.

SECTION 5. If the total amount of credits specified in any Treasurer's certificate filed for any calendar year shall exceed the amount payable to the Trustee for such calendar year under Section 1 of this Article, before the deduction of such credits, the excess, if any, shall be available in any subsequent Treasurer's certificate or certificates as a credit balance to offset any deficiency of expenditures or credits as shown by such Treasurer's certificate, or at the option of the Company, if the cost or fair value, whichever is less, of any permanent additions has previously been used as a credit to, or for the withdrawal of cash from, the Maintenance

Fund, such permanent additions of a cost or fair value, whichever is less, to the amount of such excess may thereafter be used, anything in this Indenture to the contrary notwithstanding, for any purpose for which the same might have been used if not used as a credit to, or for withdrawal of cash from, the Maintenance Fund whereupon the amount of such excess shall be decreased accordingly.

SECTION 6. If the mortgaged property shall be sold either under the power of sale herein provided, or under decree of court in a suit for the foreclosure of this Indenture, then any moneys at the time remaining in the Maintenance Fund shall be added to and dealt with as if it were a part of the proceeds of such sale.

## ARTICLE XII.

### CONCERNING THE PLEDGED SECURITIES DEPOSITED WITH THE TRUSTEE.

SECTION 1. From time to time, and at any time hereafter, the Company may deposit with the Trustees as security for the payment of the bonds issued and outstanding hereunder any amount of cash and/or any securities of Albia Light and Railway Company, National Light & Power Company Limited or Sterling Gas & Electric Company Limited and/or any other corporation, and any such cash and/or securities so deposited including those pledged under the Indenture at May 2, 1940 shall be held and/or disposed of by the Trustees, subject to and in accordance with the provisions of this Indenture.

Each coupon bond deposited with the Trustees shall be uncancelled and shall have all unmatured coupons attached when so deposited, or shall be accompanied by evidence satisfactory to the Corporate Trustee that the discharge of the mortgage or other lien securing such bond may be obtained without the production of any coupon of coupons that may be missing.

Each registered bond, whether registered as to principal only or as to both principal and interest, including all such bonds not payable to bearer, and all other evidences of indebtedness not



evidences of indebtedness which shall at the time be held by the Trustees hereunder, or in the due performance of any covenant contained in any instrument securing the same, then and in any such case (without prejudice, however, to any right to claim a default under this Indenture or to assert any right consequent upon such default) upon the written request of the Company and upon receiving indemnity satisfactory to them, if required, the Trustees shall, and in the absence of such indemnity but upon such written request the Trustees may in their discretion, cause, or join with other owners of like obligations or indebtedness in causing proper proceedings to be instituted and prosecuted in some court of competent jurisdiction to enforce payment of such bond, note or other evidence of indebtedness and collect the amounts due upon the same, and/or to enforce the performance of such covenant.

(b) Upon the happening of a completed default of the character specified in Section 1 of Article XIII of this Indenture and during its continuance, the Trustees may exercise any or all rights of an owner with respect to any obligation or indebtedness or the evidences thereof then held by them, or may take any other action which shall, in their judgment, be desirable or necessary to avail of the security created for any such obligation or indebtedness or the evidence thereof by the mortgage or other instruments securing the same.

(c) Subject only to the express provisions and/or restrictions contained in this Indenture, the Trustees upon the happening of a completed default of the character specified in Section 1 of Article XIII of this Indenture and during the continuance thereof, and the Company at all other times (subject to the rights of the Trustees as pledgees), shall have and may exercise all the rights of an owner in respect of any obligations and/or indebtedness and/or stock and/or any other securities and/or the evidences thereof subject to the lien hereof, and (without limiting the foregoing) may join in any plan of voluntary or involuntary reorganization or readjustment or rearrangement in respect of any such obligations and/or indebtedness and/or stock and/or other securities and/or the evidences thereof, and may accept or author-



payable to bearer, and all certificates of shares of stock delivered to or deposited with the Trustees shall be properly endorsed or assigned either, in blank, to the Trustees or to the nominee or nominees of the Trustees, or shall be accompanied by an instrument or instruments of transfer in form satisfactory to the Corporate Trustee, so as to permit the transfer and delivery thereof by the Trustees. The Corporate Trustee from time to time may, but shall be under no obligation to, cause all or any uncancelled bonds and all or any certificates of shares of stock held by it hereunder to be registered or transferred in or to its name or the name of its nominee or nominees.

SECTION 2. All bonds and other evidences of indebtedness deposited with the Trustees shall be held by the Trustees for the protection and further security of the bonds issued hereunder until released, withdrawn or otherwise disposed of in accordance with the provisions of this Indenture. Until the happening of a completed default of the character specified in Section 1 of Article XIII of this Indenture, the Company shall be entitled to receive all payments of interest on all such bonds and other evidences of indebtedness, and the Corporate Trustee shall detach and deliver to the Company as they mature any and all coupons appertaining thereto, and in any event until default as aforesaid all monies received by the Trustees on account of interest on such bonds and other indebtedness shall be paid over by the Corporate Trustee to or upon the order of the Company. All monies received by the Trustees on account of the principal of any bonds or other indebtedness deposited with the Trustees or by reason of the payment thereof or the sale and delivery of any such bonds or indebtedness to a Sinking Fund or other fund provided for in any mortgage or other lien or indenture securing the same shall be added to the Release Fund provided for in Article X of this Indenture and shall be held and/or disposed of by the Trustees in accordance with the provisions of said Article X relating to the Release Fund.

SECTION 3. (a) In case default shall be made in the payment of the principal of or interest upon any bonds, notes, or other



ize the acceptance of new securities issued in exchange therefor under any such plan of reorganization or readjustment or rearrangement; and the Trustees may surrender or deliver free from the lien hereof any of the deposited securities in exchange for which any such new securities shall be received. Any cash or any new securities received pursuant to the foregoing provisions of this subdivision (c) shall forthwith be deposited with the Trustees and shall be held and/or disposed of by the Trustees in accordance with the provisions of this Indenture applicable to other cash and/or securities deposited with the Trustees for the security of the bonds issued and outstanding hereunder.

(d) The Company covenants that on demand of the Corporate Trustee it will forthwith pay or satisfactorily provide for all expenditures including counsel fees incurred by the Trustees under any of the provisions of this Article, and in any case without impairment of or prejudice to any of its rights hereunder by reason of any default of the Company the Corporate Trustee, in its discretion, may advance all such expenses and other sums required or may procure such advances to be made by others, and such advances made by the Corporate Trustee or by others at its request the Company agrees to repay with interest thereon at the rate of six per centum per annum until paid, and all such advances made by the Corporate Trustee, until the repayment thereof, shall be secured hereby, having the benefit of the lien hereby created in priority to the indebtedness evidenced by the bonds and coupons issued hereunder.

SECTION 4. All certificates of shares of stock of any corporation deposited or pledged with the Trustees hereunder or required so to be by any provision hereof and the shares of stock represented thereby, hereinafter in this Section termed deposited stock, shall be subject to the provisions of this Section.

(a) Except upon the happening of a completed default as specified in Section 1 of Article XIII hereof and during the continuance thereof to the knowledge of the Trustees, the Company shall have the right to vote or cause to be voted all deposited stock with the same force and effect as though such stock were not deposited hereunder and to that end the Trustees, upon the written request of the Company, signed in its name by its President or a Vice-President shall, whenever requested, execute and deliver or cause to be delivered such proxies or powers of attorney to vote such stock as the Company may reasonably request; provided however that such proxies or powers of attorney shall specify that none of such shares of stock shall be voted to authorize, and the Company covenants that it will not vote such shares of stock for any act contrary to the provisions of this Indenture.

(b) Upon the happening of a completed default as specified in Section 1 of Article XIII of this Indenture and during its continuance the Trustees may take such steps and make such expenditures as in their discretion they shall deem advisable to protect their interest and the interest of the bondholders in respect of deposited stock; may vote such stock at all stockholders' meetings; may use the deposited stock in or towards acquisition of any property belonging to the issuer of such stock; may deposit the same or any part thereof with any reorganization committee and may join in any plan of reorganization or readjustment in respect of any such deposited stock and may surrender the same or any part thereof and accept new stocks, bonds or other securities or cash issued in exchange therefor, on reorganization and readjustment. Any cash or any new stocks, bonds or other securities so received shall be held by the Trustees subject to the lien and the provisions of this Indenture and all the provisions herein contained shall be applicable to such new stocks, bonds or other securities or cash in like manner as to the deposited stock in exchange for which they are issued.

(c) Until the happening of a completed default, as specified in Section 1 of Article XIII of this Indenture, to the knowledge of the Trustees, the Company shall be entitled to receive all dividends (other than dividends payable in stocks) representing distribution of income applicable to the payment of dividends, paid upon deposited stock, and to that end the Trustees shall deliver to the Company from time to time such assignments or orders or other documents as the Company may reasonably request. All dividends upon deposited stock other than the dividends which



Section 5. Subject to the provisions of Section 2 of Article XVI the Trustees shall have no duty or obligation to examine into or pass upon the validity or genuineness of any of the deposited stock, bonds, notes, evidences of indebtedness, or other securities and the Trustees shall be entitled to assume that any bonds, notes, evidences of indebtedness, or other securities presented for deposit hereunder are genuine and valid and what they purport to be and that any endorsements or assignments thereof are genuine and legal.

Section 6. If any or all of the pledged securities shall be sold, either under the power of sale herein provided, or under judgment or decree of court in any judicial proceedings for the enforcement of this Indenture or any of the provisions hereof, then all cash then held by the Trustees for the security of the bonds issued hereunder shall at the election of the Trustees, be added to and dealt with as if it were part of the proceeds of such sale.

Section 7. In case at any time the Company shall sell or exchange or contract to sell or exchange any of the pledged securities and shall request the release thereof by the Trustees such release shall be made under and subject to the provisions of Section 3 of Article X of this Indenture.

## ARTICLE XIII.

### Remedies of Trustees and Bondholders Upon Default.

Section 1. Upon the occurrence of any one or more of the following events (herein sometimes called "completed defaults"), viz.:

(a) Default in the payment of the principal of any bond hereby secured when the same shall have become due and payable, whether at maturity as therein expressed or by declaration, or otherwise; or

(b) Default continued for ninety (90) days in the payment of any interest upon any bond hereby secured; or



the Company is entitled to receive under the foregoing provisions of this subdivision (d) shall be payable to the Trustees, and the amount of such dividends if paid in cash shall be added to the Release Fund provided for in Article X of this Indenture and shall be held and/or disposed of by the Corporate Trustee in accordance with the provisions of said Article X relating to the Release Fund, and such dividends if paid in stocks, bonds or other securities shall be held and/or disposed of by the Corporate Trustee in accordance with the provisions of this Indenture as if a portion of the securities deposited and pledged hereunder. The Trustees may assume that any dividend paid upon deposited stock is a dividend representing distribution of income applicable to the payment of dividends unless and until they shall have been notified in writing to the contrary by the Company. Upon the happening of a completed default as specified in Section 1 of Article XIII hereof and during the continuance of such default, the Trustees shall have the right to retain all dividends received by them upon any of the deposited stock and hold and dispose of the same as a part of the trust estate and such dividends may be added to and treated as a part of the proceeds of the sale of the deposited securities as hereinafter provided.

(d) The provisions of subdivisions (c) and (d) of Section 3 of this Article shall apply as well to cases involving deposited stock as to those involving bonds or other securities held hereunder.

(e) The Corporate Trustee, from time to time in its discretion, may do or cause to be done whatever in the opinion of counsel satisfactory to the Corporate Trustee (who may be counsel for the Company) may be necessary for the purpose of maintaining, preserving, renewing or extending the corporate existence or for the reorganization of any corporation, any of the certificates for shares of the stock of which shall constitute a part of the deposited stock and may consent to any increase or decrease in or reclassification of the capital stock of such corporation upon such terms and conditions as shall not in the opinion of such counsel diminish or impair the security of this Indenture; the Corporate Trustee, however, shall have no duty or obligation to take any action under or pursuant to the provisions of this subdivision (e).



(c) Default in the covenants of the Company with respect (1) to bankruptcy, insolvency, assignment or receivership contained in Section 11 of Article VIII hereof or (2) to the due and punctual performance and observance of the conditions and obligations of any mortgage or trust indenture prior in lien to the lien hereof and the due and punctual payment of the principal of and interest on all bonds and other obligations secured by any such mortgage or trust indenture contained in Section 15 of Article VIII hereof; or

(d) Default continued for ninety (90) days after notice to the Company from the Corporate Trustee in the performance of any other covenant, agreement or condition herein contained;

the Corporate Trustee or the holders of twenty-five per cent (25%) or more in principal amount of (1) the bonds then outstanding hereunder, or (2) the bonds then outstanding hereunder primarily affected by the default, may declare the principal of all bonds hereby secured then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Any such declaration by the Corporate Trustee shall be made by notice in writing delivered by the Corporate Trustee to the Company and any such declaration by the bondholders may be made by notice in writing signed by such bondholders and delivered to the Company and to the Corporate Trustee. The right to make any such declaration as aforesaid is subject, however, to the right of the holders of a majority in principal amount of the bonds then outstanding hereunder (determined as provided in Section 5 of this Article) by written notice to the Company and to the Corporate Trustee, to rescind and annul such declaration and destroy its effect at any time before any sale hereunder, if before any such sale all agreements with respect to which default shall have been made shall be fully performed, and all arrears of interest upon all bonds outstanding hereunder and the reasonable expenses and charges of the Trustees, their agents and attorneys, and all other indebtedness secured hereby, except the principal of any bonds not then due by their terms, and interest accrued on such bonds since the last interest day, shall be paid, or the amount thereof shall be paid to the Corporate Trustee for the benefit of those entitled thereto; but no such rescission or annulment and no waiver of default hereunder shall extend to or affect any subsequent default or impair any right subsequently accruing thereon.

SECTION 2. The Company agrees, to the full extent that it may lawfully so agree, that upon the occurrence of one or more completed defaults, the Company, upon demand of the Trustees, or any of them, shall forthwith surrender to the Trustees the actual possession of, and it shall be lawful for the Trustees, by such officer or agent as they may appoint, to take possession of all the mortgaged property (with the books, papers and accounts of the Company), and to hold, operate and manage the same, and from time to time to make all needful repairs, and such alterations, additions and improvements as to the Trustees shall seem wise, and to receive the rents, income, issues and profits thereof, and out of the same to pay all proper costs and expenses of so taking, holding, operating and managing the same, including reasonable compensation to the Trustees, their agents and counsel, and any charges of the Trustees hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustees may deem it wise to pay, and all expenses of all such repairs, alterations, additions and improvements, and to apply the remainder of the moneys so received by the Trustees (subject to the provisions of Section 11 of this Article with respect to extended, transferred or pledged coupons), as follows:

(a) in case the principal of none of the bonds shall have become due, to the payment of the interest in default, in the order of the maturity of the installments of such interest, with interest on the overdue installments thereof at the same rate that the bonds themselves bear; such payments to be made ratably to the persons or parties entitled thereto, without discrimination or preference;

(b) in case the principal of any of the bonds shall have become due, by declaration or otherwise, first to the payment of the interest in default, in the order of the maturity



of the installments of such interest, with interest on the overdue installments of interest at the same rate that the bonds themselves bear, and thereafter to the payment of the principal of all bonds then due, such payments, respectively, to be made ratably to the persons or parties entitled thereto without discrimination or preference.

Whenever all that is due upon such installments of interest, and the principal of such bonds and under any of the terms of this Indenture shall have been paid and all defaults made good, the Trustees shall surrender possession to the Company, its successors or assigns; the same right of entry, however, to exist upon any subsequent default.

SECTION 3. Upon the occurrence of one or more completed defaults the Trustees, by such officer or agent as they may appoint, may, to the extent permitted by law, with or without entry sell all property subject to the lien hereof as an entirety, or in such parcels as the holders of a majority in principal amount of the bonds outstanding hereunder shall in writing request, or in the absence of such request, as the Trustees may determine, at public auction, at some convenient place in Centerville, Iowa, and/or such other place as may be required by law, or by order of court, having first given notice of such sale by publication at least once in each of not less than four successive calendar weeks, in each case on any day in the week, preceding the date fixed for any such sale in a daily newspaper of general circulation, published in Chicago, Illinois, and in a daily newspaper of general circulation published in the Borough of Manhattan, City and State of New York, and any other notice which may be required by law, and from time to time may adjourn such sale in their discretion by announcement at the time and place fixed for such sale without further notice, and upon such sale may make and deliver to the purchaser or purchasers a good and sufficient deed or deeds for the same, which sale shall be a perpetual bar, both at law and in equity, against the Company, and all persons and corporations lawfully claiming or who may claim by, through or under it. The Trustees, or any of them, are further hereby irrevocably appointed



the true and lawful attorney or attorneys of the Company, in its name and stead, for the purpose of effectuating any such sale to execute and deliver all necessary deeds, bills of sale, assignments and transfers, and to substitute one or more persons or corporations with like power, the Company hereby ratifying and confirming all that its said attorney or attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof. Nevertheless, if so requested by the Trustees or by any purchaser, the Company shall ratify and confirm any such sale or transfer by executing and delivering to the Trustees or to such purchaser or purchasers all proper conveyances, assignments, instruments of transfer and releases as may be designated in any such request.

SECTION 4. In the event of default by the Company in the performance of any of the covenants or conditions of this Indenture, the Trustees shall have the right and power to take appropriate judicial proceedings for the enforcement of their rights and the rights of the bondholders hereunder. In case of a completed default hereunder, the Trustees may either after entry, or without entry, proceed by suit or suits at law or in equity to enforce payment of the bonds then outstanding hereunder and to foreclose this Indenture and to sell the property subject to the lien of this Indenture under the judgment or decree of a court of competent jurisdiction; and it shall be obligatory upon the Trustees to take action, either by such proceedings or by the exercise of their powers with respect to entry or sale, as they may determine, upon being requested to do so by the holders of a majority in principal amount of the bonds then outstanding hereunder and upon being indemnified as hereinafter provided.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustees, or any of them, or to the bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence



therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 5. The holders of a majority in principal amount of the bonds at the time outstanding hereunder, by an instrument in writing executed and delivered to the Corporate Trustee, may reasonably direct the method and place of conducting all proceedings to be taken for any sale of the property subject to the lien of this Indenture, or for the foreclosure of this Indenture, or for the appointment of a receiver or for the taking of any action authorized hereby or refraining therefrom; provided that such direction shall not be contrary to the provisions of law or of this Indenture.

For the purposes of this Section, Sections 1 and 15 of this Article and subdivision (d) of Section 2 of Article XVI hereof, in determining whether the holders of the required principal amount of bonds have concurred in any such direction, or any consent or other action, bonds owned by the Company, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be disregarded, except that for the purpose of determining whether the Trustees shall be protected in relying on any such direction or consent, only bonds which the Trustees know are so owned shall be so disregarded.

For the purposes of this Section the term Company shall include any other obligor on the bonds outstanding hereunder.

SECTION 6. In case of a completed default hereunder and upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustees and of the bondholders under this Indenture, the Trustees shall be entitled as a matter of right to the appointment of a receiver or receivers of the property subject to the lien of this Indenture, and of the income, rents, issues and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 7. Upon any sale being made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, the principal of all bonds then outstanding hereunder, if not previously due, shall at once become and be immediately due and payable.

Section 8. Upon any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, any bondholder or bondholders, or the Trustees, or any of them, may bid for and purchase the property subject to the lien of this Indenture and upon compliance with the terms of sale may hold, retain and possess and dispose of such property in their or its own absolute right without further accountability, and any purchaser at any such sale may, in paying purchase money, deliver any of the bonds and coupons outstanding hereunder in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, subject, however, to the provisions in respect to extended, pledged and transferred coupons contained in Section 11 of this Article. Said bonds and coupons, in case the amounts so payable to the holders thereof shall be less than the amount due thereon, shall be returned to the holders thereof after being properly stamped to show partial payment.

Section 9. Upon any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, the receipt of the Trustees, or any of them, or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money, and such purchaser or purchasers, his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Trustees, or any of them, or of such officer therefor, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication or nonapplication thereof.



Section 10. Any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company, of, in and to the property so sold, 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 who may claim the property sold or any part thereof, from, through or under the Company, its successors or assigns.

Section 11. The proceeds of any sale made either under the power of sale hereby given, or under judgment or decree in any judicial proceeding for the foreclosure or otherwise for the enforcement of this Indenture, together with any other amounts of cash which may then be held by the Trustees, or any of them, as part of the mortgaged and pledged property, and which by any other provision hereof are to be added to or treated as a part of the proceeds of sale, shall be applied as follows:

First. To the payment of all taxes, assessments or liens prior to the lien of this Indenture, except those subject to which such sale shall have been made, and of all the costs and expenses of such sale, including reasonable compensation to the Trustees, their agents and attorneys, and of all other sums payable to the Trustees, or any of them, as compensation for other services hereunder and by reason of any expenses or liabilities incurred or advances made in connection with the management or administration of the trusts hereby created;

Second. To the payment in full of the amounts then due and unpaid for principal and interest upon the bonds then outstanding hereunder; and in case such proceeds shall be insufficient to pay in full the amounts so due and unpaid, then to the payment thereof ratably, with interest on the overdue principal and/or interest at the rates that the bonds themselves bear without preference or priority of principal over interest, or of interest over principal, or of any instalment of interest over any other instalment of interest; pro-



vided, however, that if the time for the payment of any coupon or claim for interest upon any of the bonds secured hereby shall have been extended, whether or not by or with the consent of the Company, or if any thereof at or after maturity shall have been transferred or pledged separate from the bond to which they relate, such coupons or claims for interest shall not be entitled in case of default hereunder to the benefit or security of this Indenture except subject to the prior payment in full of the principal of all bonds issued hereunder then outstanding and of all coupons and claims for interest on such bonds the payment of which has not been so extended, or not so transferred or pledged;

Third. Any surplus thereof remaining to the Company, its successsors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 12. The Company agrees, to the full extent that it may lawfully so agree, in case of default on its part, as aforesaid, neither the Company nor any one claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the property subject to the lien of this Indenture may be situated, in order to prevent or hinder the enforcement or foreclosure of this Indenture, or the absolute sale of the property subject to the lien of this Indenture, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser or purchasers thereat, but the Company, for itself and all who may claim through or under it, hereby waives the benefit of all such laws. The Company, to the full extent that it may lawfully do so, for itself and all who may claim through or under it, hereby waives any and all right to have the estate comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may sell the property subject to the lien of this Indenture as an entirety.

Section 13. The Company covenants that if default shall be made in the payment of the principal of any of the bonds hereby



secured when the same shall become due and payable, whether at the maturity of said bonds or by declaration as authorized by this Indenture, or in case of a sale as provided in this Article or otherwise, then, upon demand of the Trustees, or any of them, the Company will pay to the Corporate Trustee, for the benefit of the holders of such bonds and coupons so due and payable the whole amount due and payable on all such bonds and coupons for principal and interest, with interest upon the overdue principal and/or interest at the same rate borne by the bonds which are overdue; and in case the Company shall fail to pay the same forthwith upon such demand, the Trustees, or any of them, in their own names or the name of either of them and as trustees or trustee (as the case may be) of an express trust shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid; and in case of the pendency of any receivership, insolvency or bankruptcy proceedings affecting the Company or its property to file and prove a claim for the whole amount so due and unpaid with interest as aforesaid.

The Trustees, or any of them, if permitted by law, shall be entitled to sue for and recover judgment and/or to file and prove such claim as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture upon the property subject to the lien of this Indenture, or otherwise for the enforcement of any of their rights, or the rights of the bondholders hereunder, and in case of a sale of any of the property subject to the lien of this Indenture, and of the application of the proceeds of sale to the payment of the debt hereby secured, the Trustees or any of them in their own names or the name of any of them and as trustees or trustee (as the case may be) of an express trust, shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon any and all the bonds and coupons then outstanding hereunder, for the benefit of the holders thereof, and the Trustees or any of them shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest. No recovery of any such judgment by the Trustees or any of them and no levy of any execution upon any such judgment upon any of the property subject to the lien of this Indenture or upon any other property, shall in any manner or to any extent affect the lien of this Indenture upon the property subject to the lien of this Indenture or any part thereof, or any rights, powers or remedies of the Trustees or any of them hereunder, or any lien, rights, powers or remedies of the holders of the said bonds, but such lien, rights, powers and remedies of the Trustees or any of them and of the bondholders shall continue unimpaired as before.

Any moneys thus collected or received by the Trustees or any of them under this Section, shall be applied by the Corporate Trustee first, to the payment of their expenses, disbursements and compensation and the expenses, disbursements and compensation of their agents and attorneys, and, second, toward payment of the amounts then due and unpaid upon such bonds and coupons in respect of which such moneys shall have been collected ratably and without preference or priority of any kind (subject to the provisions of Section 11 of this Article with respect to extended, transferred or pledged coupons), according to the amounts due and payable upon such bonds and coupons, respectively, at the date fixed by the Corporate Trustee for the distribution of such moneys, upon presentation of the several bonds and coupons and upon stamping such payment thereon, if partly paid, and upon surrender thereof, if fully paid.

SECTION 14. All rights of action in favor of the Trustees, or any of them, arising under this Indenture, in respect of the bonds or coupons or otherwise may be enforced by the Trustees, or any of them, without the possession of any of the bonds or coupons or the production thereof on any trial or other proceedings relative thereto and any suit or proceeding instituted by the Trustees, or any of them, shall be brought in their names as Trustees or in the name of any of them and any recovery of judgment shall be for the equal benefit of the holders and registered owners of the bonds and coupons.

SECTION 15. No holder of any bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other



remedy hereunder, unless such holder shall have previously given to the Corporate Trustee written notice of a default and of the continuance thereof as hereinbefore provided, nor unless also the holders of twenty-five per cent (25%) in principal amount of (1) the bonds then outstanding hereunder or (2) the bonds then outstanding hereunder primarily affected by the default, shall have made written request to the Corporate Trustee and shall have afforded reasonable opportunity to the Trustees to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names; nor unless they shall have offered to the Trustees adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby; and no such holder shall have any right to institute any such suit if and to the extent that the institution or prosecution thereof or the entry of judgment therein would under applicable law result in the surrender, impairment, waiver or loss of the lien of this Indenture upon any property subject to the lien thereof.

Nothing in this Section or elsewhere in this Indenture contained shall affect or impair the absolute and unconditional obligation of the Company to pay the principal of and interest on the bonds in accordance with the terms thereof, to the respective holders or registered owners thereof and of the coupons attached thereto at the maturity thereof (whether by lapse of time or call for redemption or otherwise), nor affect or impair the right of action of such holders or registered owners to enforce such payment.

SECTION 16. The Company may, if permitted by law, waive any period of grace provided for in this Article.

SECTION 17. In case the Trustees, or any of them, shall have proceeded to enforce any right under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustees, then and in every such case the Company and the Trustees shall be restored to their former positions and rights hereunder with respect to the property subject to



the lien of this Indenture, and all rights, remedies and powers of the Trustees shall continue as if no such proceedings had been taken.

SECTION 18. All rights, remedies and powers provided for in this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law that may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded or filed under the provisions of any applicable law.

## ARTICLE XIV.

### EVIDENCE OF RIGHTS OF BONDHOLDERS AND OWNERSHIP OF BONDS.

SECTION 1. Any request, direction, declaration or other instrument, which this Indenture may require or permit to be signed and executed by the bondholders, may be in any number of concurrent instruments of similar tenor, and shall 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 of a writing appointing any such attorney, or of the holding by any person of the bonds or coupons appertaining thereto, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(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 of a notary public, or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, 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 and description of bonds transferable by delivery held by any person executing such request or other instrument as a bondholder, and the issue 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, or other depositary wherever situated, if such certificate shall be deemed by the Corporate Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depositary, the bonds described in such certificate. The Corporate Trustee may nevertheless in its discretion require further proof in cases where it deems further proof desirable and may require the production of any coupon bond or bonds. The ownership of registered bonds shall be proved by the registry books.

Any request, consent or vote of the owner of any bond shall bind all future owners of the same instrument in respect of anything done or suffered by the Company or the Trustees, or any of them, in pursuance thereof.

SECTION 2. The Company and the Trustees, or any of them, may deem and treat the bearer of any coupon bond outstanding hereunder, which shall not at the time be registered in the name of the owner thereof as hereinbefore authorized, and the holder of any coupon for interest on any such bond, whether such bond shall be registered or not, as the absolute owner of such bond or coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, and neither the Company nor the Trustees shall be affected by any notice to the contrary.

The Company and the Trustees, or any of them, may deem and treat any person in whose name any registered bond without coupons outstanding hereunder shall be registered upon the books of the Company as hereinbefore provided, as the absolute owner of such bond for the purpose of receiving payment of or on account of the principal of and interest on such bond and for all other purposes, and they may deem and treat the person in whose name any coupon bond shall be so registered as the absolute owner

113

thereof for the purpose of receiving payment of or on account of the principal thereof and for all other purposes, except to receive payment of interest represented by detached coupons; and all such payments so made to any such registered holder or upon his order, shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid, and neither the Company nor the Trustees shall be affected by any notice to the contrary.

## ARTICLE XV.

### Effect of Merger, Consolidation, Etc.

Section 1. Nothing in this Indenture shall prevent any consolidation or merger of the Company with or into any corporation having corporate authority to carry on any business of the nature of a public utility, or any conveyance, transfer or lease, subject to this Indenture, of all the mortgaged and pledged property as an entirety to any corporation lawfully entitled to acquire or lease and operate the same; provided, however, and the Company covenants and agrees, that such consolidation, merger, conveyance, transfer or lease shall be upon such terms as fully to preserve and in no respect to impair the lien, efficiency or security of this Indenture, or any of the rights or powers of the Trustees or the bondholders hereunder; and provided, further, that any such lease shall be made expressly subject to immediate termination by the Company or by the Corporate Trustee at any time during the continuance of a completed default hereunder, and also by the purchaser of the property so leased at any sale thereof hereunder, whether such sale be made under the power of sale hereby conferred or under judicial proceedings; and provided, further, that, upon any such consolidation, merger, conveyance or transfer, or upon any such lease the term of which extends beyond the date of maturity of any of the bonds secured hereby, the due and punctual payment of the principal of and interest on all said bonds according to their tenor and the due and punctual performance and observance of all the covenants and conditions of this Indenture to be kept or performed by the Company, shall be assumed by the corporation

115

of such bonds which such successor corporation shall thereafter, in accordance with the provisions of this Indenture, cause to be executed and delivered to the Corporate Trustee for such purpose; provided, however, that as a condition precedent to the authentication and delivery hereunder by the Corporate Trustee, of any additional bonds under the provisions of Articles V, VI and VII of this Indenture or any of such Articles the indenture with the Trustees, executed and caused to be recorded by the successor corporation as in this Section provided shall contain a conveyance or transfer and mortgage in terms sufficient to subject to the lien of this Indenture and to all of the conditions and provisions hereof all property of such successor corporation (other than such as is excepted from the lien hereof) owned by it at the time of the execution and delivery of such indenture so to be executed by such successor corporation and that thereafter acquired by it in like manner as if such property had been then owned by the Company or should be thereafter acquired by it; and provided further that the lien of this Indenture and/or of the indenture so to be executed by such successor corporation so created shall have similar force, effect and standing as the lien of this Indenture would have if the Company had not been consolidated with or merged into such other corporation or had not conveyed or transferred, subject to this Indenture, all the mortgaged property as an entirety, as aforesaid, to such successor corporation. All bonds so issued shall in all respects have the same legal right and security as the bonds theretofore issued in accordance with the terms of this Indenture as though all of said bonds had been authenticated and delivered at the date of the execution hereof.

There shall be delivered to the Trustees at the time of the execution and delivery to the Trustees of any such indenture an opinion of counsel stating that the same complies with the foregoing conditions and provisions of this Section.

Section 3. In case the Company, pursuant to Section 1 of this Article, shall be consolidated with or merged into any other corporation, or shall convey or transfer, subject to this Indenture, all the mortgaged and pledged property as an entirety as aforesaid,

114

formed by such consolidation or into which such merger shall have been made, or acquiring all the mortgaged property as an entirety, as aforesaid, or by the lessee under any such lease the term of which extends beyond the date of maturity of any of the bonds secured hereby.

Section 2. In case the Company, pursuant to the next preceding section hereof, shall be consolidated with or merged into any other corporation, or shall convey or transfer, subject to the lien of this Indenture, all the mortgaged and pledged property, as an entirety, the successor corporation formed by such consolidation, or into which the Company shall have been merged, or which shall have received a conveyance or transfer as aforesaid—upon executing an Indenture with the Trustees, satisfactory to the Corporate Trustee, and causing the same to be recorded, whereby such successor corporation shall assume and agree to pay, duly and punctually, the principal of and interest on the bonds issued hereunder in accordance with the provisions of said bonds and coupons and this Indenture, and shall agree to perform and fulfill all the covenants and conditions of this Indenture binding upon the Company —shall succeed to and be substituted for the Company, with the same effect as if it had been named herein, and in the bonds hereby secured as the mortgagor or obligor company, and shall have and may exercise under this Indenture and the bonds secured hereby the same powers and rights as the Company, and (without in any wise limiting or impairing by the enumeration of the same the scope and intent of the foregoing general powers and rights) such successor corporation thereupon may cause to be executed, issued and delivered, either in its own name or in the name of Iowa Southern Utilities Company of Delaware, any or all of such bonds which shall not theretofore have been executed by the Company and authenticated by the Corporate Trustee, and upon the order of such successor corporation in lieu of the Company, and subject to the terms, conditions and restrictions in this Indenture prescribed, concerning the authentication and delivery of bonds, the Corporate Trustee shall authenticate and deliver any of such bonds which shall have been previously signed and delivered by the officers of the Company to the Corporate Trustee for authentication, and any

116

neither this Indenture nor the indenture with the Trustees to be executed and caused to be recorded by the successor corporation as in Section 2 of this Article provided, shall, unless such latter indenture shall otherwise provide (anything in this Indenture contained to the contrary notwithstanding) become or be a lien upon any of the properties or franchises of the successor corporation except those acquired by it from the Company, and extensions and additions appurtenant to the property acquired from the Company, and such franchises, repairs and additional property as may be acquired by the successor corporation in pursuance of the covenants herein contained to maintain, renew and preserve the franchises covered by this Indenture and to keep and maintain the mortgaged property in adequate repair, working order and condition or in pursuance of some other covenant or agreement hereby to be kept or performed by the Company.

Section 4. At any time prior to the exercise of any power by this Article reserved to the Company or a purchasing or successor corporation, the Company may surrender any such power by delivery to the Corporate Trustee of 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, that the execution of such instrument was duly authorized by its Board of Directors, and thereupon the power so surrendered shall cease.

## ARTICLE XVI.

### Concerning the Trustees.

Section 1. The Trustees accept the trust hereby created but upon the terms and conditions set forth in this Article.

Section 2. The Corporate Trustee shall at all times be a bank or trust company organized and doing business under the laws of the United States of America or of any state or territory thereof or of the District of Columbia, authorized under such laws to exercise corporate trust powers and subject to supervision or examina-

117

tion by federal, state, territorial or District of Columbia authority, and shall have a combined capital and surplus of not less than One Million Dollars ($1,000,000).

If the Corporate Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to in the next preceding paragraph, then for the purposes of this section the combined capital and surplus of the Corporate Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustees undertake, prior to a completed default hereunder (as defined in Section 1 of Article XIII hereof) to perform such duties as are specifically set forth in this Indenture, and during the continuance of a completed default hereunder, to exercise such of the rights and powers vested in them by this Indenture, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Subject to the provisions of the preceding paragraph, the Trustees shall not be liable under any circumstances whatsoever, except for their own negligent action, their own negligent failure to act, or their own wilful misconduct; and no provision of this Indenture shall be construed to relieve the Trustees from any such liability except that

(a) prior to a completed default hereunder, the Trustees shall not be liable except for the performance of such duties as are specifically set forth in this Indenture; and

(b) prior to a completed default hereunder, the Trustees may conclusively rely (subject to the requirements of Section 7 of this Article) as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of the Trustees, upon certificates or opinions conforming to the applicable requirements, if any, of this Indenture; and

(c) The Trustees may execute any of the trusts or powers hereof and perform any duty hereunder, either themselves or

119

on the Company shall be deemed to have been sufficiently given and served, for all purposes, by being deposited postage prepaid in a post-office letter box, addressed (until another address is filed by the Company with the Corporate Trustee), as follows: Iowa Southern Utilities Company of Delaware, Centerville, Iowa, and after another address shall have been filed by the Company with the Corporate Trustee as aforesaid at the last address so filed.

SECTION 6. The Trustees shall not be bound to recognize any person as the holder of a bond outstanding hereunder unless and until his bond is submitted to the Trustees for inspection, if required, and his title thereto satisfactorily established if disputed.

SECTION 7. The Trustees shall exercise reasonable care in the selection or approval of any engineer or counsel required by the provisions hereof to be selected or approved by the Trustees.

The Trustees, upon receipt of evidence furnished to them or any of them by or on behalf of the Company pursuant to any provision of this Indenture, shall examine the same to determine whether or not such evidence conforms to the requirements of this Indenture.

SECTION 8. The Trustees shall (i) within ninety (90) days after the occurrence of a default, known to the Trustees within such period, or (ii) if a default be not known to the Trustees within such period, within forty (40) days after such default shall be known to the Trustees, give to the bondholders, in the manner and to the extent provided in subdivision (c) of Section 10 of this Article XVI, notice of all defaults known to the Trustees, unless such defaults shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of or interest on any of the bonds issued hereunder, or in the payment of any sinking or purchase fund instalment, the Trustees shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or responsible officers, of the Corporate Trustee in good faith determines that the withholding of such notice is in the interests of the bondholders.

118

by or through a responsible officer or officers, and they shall not be liable for any error of judgment made in good faith by any such responsible officer or officers unless it shall be proved that the Trustees were negligent in ascertaining the pertinent facts; and

(d) The Trustees shall not be liable with respect to any action taken or omitted to be taken by them in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the bonds at the time outstanding (determined as provided in Section 5 of Article XIII hereof) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustees, or exercising any trust or power conferred upon the Trustees, under this Indenture.

SECTION 3. The recitals of fact herein and in the bonds issued hereunder contained, except in the certificate of authentication of the Corporate Trustee, shall be taken as statements of the Company and shall not be construed as made by the Trustees. The Trustees make no representations as to the value of any of the property subject to the lien of this Indenture or any part thereof, or as to the title of the Company thereto, or as to the security afforded thereby and hereby, or as to the validity of this Indenture or of the bonds or coupons issued hereunder.

SECTION 4. The Trustees or any of them shall not be personally liable for any debts contracted by them, or for damages to persons or property injured or damaged or for salaries or for non-fulfillment of contract or for any other torts, obligations or liabilities arising out of any possession or operation of any of the mortgaged property pursuant to any power herein given. The Trustees shall have the benefit of the lien created by this Indenture in priority to the indebtedness evidenced by the bonds and coupons issued hereunder to secure them against liability for any such cause.

SECTION 5. Except as herein otherwise provided, any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustees, or any of them,

120

SECTION 9. (a) The Corporate Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of bonds furnished to it as provided in Section 21 of Article VIII hereof or received by it in the capacity of paying agent or filed with it by bondholders pursuant to clause (2) of subdivision (c) of Section 10 of this Article, provided that the Trustee may (1) disregard and destroy any statement furnished to it as provided in Section 21 of Article VIII hereof upon receipt of a new statement so furnished; (2) disregard and destroy any information received by it as paying agent in connection with an interest payment, after such information has been furnished to the Company; and (3) disregard and destroy any information filed with it by bondholders pursuant to clause (2) of subdivision (c) of Section 10 of this Article, but not until two (2) years after such filing.

(b) In case three (3) or more holders of bonds (hereinafter referred to as "applicants") apply in writing to the Corporate Trustee, and furnish to the Corporate Trustee reasonable proof that each such applicant has owned a bond for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with the other holders of bonds with respect to their rights under this Indenture or under the bonds, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Corporate Trustee shall, within five (5) business days after the receipt of such application, at its election, either

(1) afford to such applicants access to the information preserved at the time by the Corporate Trustee in accordance with the provisions of subdivision (a) of this Section; or

(2) inform such applicants as to the approximate number of holders of bonds whose names and addresses appear in the information preserved at the time by the Corporate Trustee, in accordance with the provisions of subdivision (a) of this Section, and as to the approximate cost of mailing to such bondholders the form of proxy or other communication, if any, specified in such application.

If the Corporate Trustee shall elect not to afford to such applicants access to such information, the Corporate Trustee shall, upon the written request of such applicants, mail to each bondholder whose name and address appears in the information preserved at the time by the Corporate Trustee in accordance with the provisions of subdivision (a) of this Section, copies of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Corporate Trustee of the material to be mailed and of payment or provision for the payment of the reasonable expenses of mailing, unless within five (5) days after such tender the Corporate Trustee shall mail to such applicants and file with the Securities and Exchange Commission a copy of the material to be mailed accompanied by a written statement to the effect that, in the opinion of the Corporate Trustee, such mailing would be contrary to the best interests of the holders of bonds, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for a hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Corporate Trustee shall mail copies of such material to all such bondholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Corporate Trustee shall be relieved of any obligations or duty respecting such application.

(c) The Corporate Trustee shall not be held accountable by reason of the mailing of any material pursuant to any request made under subdivision (b) of this Section.

SECTION 10. (a) The Trustees shall transmit, within thirty (30) days after February 1 in each year beginning with the year 1941, to the bondholders hereinafter in this Section specified, a brief report with respect to



(1) the eligibility and the qualifications of the Corporate Trustee under Section 2 of this Article and the eligibility and qualifications of all Trustees under Section 17 of this Article, or in lieu thereof if to the best of their knowledge they have continued to be eligible and qualified under such Sections, a written statement to such effect;

(2) the character and amount of any advances (and if the Trustees elect so to state, the circumstances surrounding the making thereof) made by the Trustees as such which remain unpaid on the date of such report, and for the reimbursement of which they claim or may claim a lien or charge, prior to that of the bonds, on the mortgaged or pledged property, including property or funds held or collected by them as Trustees, if such advances so remaining unpaid aggregate more than one-half of one per cent (½%) of the principal amount of the bonds outstanding on the date of such report;

(3) the amount, interest rate, and maturity date of all other indebtedness owing by the Company to the Trustees in their individual capacities on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising from (i) advances authorized by a receivership or bankruptcy court of competent jurisdiction, or by this Indenture, for the purpose of preserving the mortgaged or pledged property or of discharging liens for taxes or other prior liens or encumbrances thereupon, provided that notice of such advances and of the circumstances surrounding the making thereof is given to the holders of bonds to the extent required by clause (2) next preceding or clause (2) of subdivision (b) of this Section; or (ii) disbursements made in the ordinary course of business in the capacity of Trustees under this Indenture or another indenture, or in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, or depository, or other similar capacity; or (iii) indebtedness created as a result of services rendered or premises rented; or (iv) indebtedness created as a result of goods or securities sold in a cash transaction, as hereinafter in



this subdivision (a) defined; or (v) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations constituting self-liquidating paper, as hereinafter in this subdivision (a) defined.

(4) the property and funds physically in the possession of the Trustees, as such Trustees, on the date of such report;

(5) any release, or release and substitution, of property subject to the lien of this Indenture (and the consideration therefor, if any) which the Trustees have not previously reported;

(6) any additional issue of bonds hereunder which the Trustees have not previously reported; and

(7) any action taken by the Trustees in the performance of their duties under this Indenture which they have not previously reported and which in their opinion materially affects the bonds or the mortgaged or pledged property, except action in respect of a default, notice of which has been or is to be withheld by them in accordance with the provisions of Section 8 of this Article.

The term "cash transaction" as used in this subdivision (a) means such term as defined by rules and regulations of the Securities and Exchange Commission under the Trust Indenture Act of 1939, or if such term is not so defined, any transaction involving the sale of goods or securities in which the consideration to be paid for such goods or securities consists in its entirety of cash or its equivalent and is expressed in the contract or memorandum of sale to be payable in its entirety not later than sixty (60) days following the delivery of such goods or securities.

The term "self-liquidating paper" as used in this subdivision (a) means such term as defined by rules and regulations of the Securities and Exchange Commission under the Trust Indenture Act of 1939, or if such term is not so defined, an obligation or obligations maturing not more than thirty-six (36) months after the date thereof (a) arising out of the purchase or sale of goods or materials used or useful in the usual course of business of the Company, or (b) secured by any bill of lading, warehouse receipt,



trust receipt, chattel mortgage, conditional sale contract, or similar lien or reservation of title covering goods, wares and merchandise theretofore sold or intended for sale in the usual course of business of the Company prior to the stated maturity of such obligation or obligations.

For the purposes of this subdivision (a) of this Section the term Company shall include any other obligor on the bonds outstanding hereunder.

(b) The Trustees shall transmit to the bondholders as hereinafter provided a brief report with respect to

(1) the release, or release and substitution, of property or securities subject to the lien of this Indenture (and the consideration therefor, if any) unless the fair value of such property, as set forth in the engineer's certificate or independent engineer's certificate pursuant to the requirements of Section 3 of Article X hereof, is less than ten per cent (10%) of the principal amount of bonds outstanding as stated in said engineer's certificate, at the time of such release, or such release and substitution, such report to be transmitted within ninety (90) days after such release or such release and substitution; and

(2) the character and amount of any advances (and if the Trustees elect so to state, the circumstances surrounding the making thereof) made by the Trustees as such since the date of the last report transmitted pursuant to the provisions of subdivision (a) of this Section (or if no such report has yet been so transmitted, since the date of execution of this Indenture), for the reimbursement of which it claims or may claim a lien or charge prior to that of the bonds on the mortgaged or pledged property, including property or funds held or collected by them as Trustees, and which they have not previously reported pursuant to this paragraph, if such advances remaining unpaid at any time aggregate more than ten per cent (10%) of the principal amount of bonds outstanding at such time, such report to be transmitted within ninety (90) days after such time;

125

(c) Reports pursuant to this Section shall be transmitted by mail

(1) to all registered holders of bonds, as the names and addresses of such holders appear upon the registration books of the Company;

(2) to such holders of bonds as have, within two (2) years preceding such transmission, filed their names and addresses with the Corporate Trustee for that purpose; and

(3) except in the case of reports pursuant to subdivision (b) of this Section, to each bondholder whose name and address is preserved at the time by the Corporate Trustee, as provided in subdivision (a) of Section 9 of this Article.

(d) A copy of each report transmitted to bondholders under the requirements of subdivisions (a) and (b) of this Section 10 shall at the time of such transmission be filed with each stock exchange upon which the bonds issued hereunder are listed and also with the Securities and Exchange Commission.

SECTION 11. Upon any application for the authentication and delivery of bonds hereunder or for the payment of any moneys held by the Corporate Trustee under any provision of this Indenture, or for the execution of any release, or upon any other application to the Trustees or any of them hereunder, or at any other reasonable time, the Trustees, or any of them, shall be entitled to examine the books, records and premises of the Company, either themselves or by agent or attorney; and unless satisfied, with or without such examination, of the truth and accuracy of the matters stated in any resolution, certificate, statement, opinion, report or order required by any of the provisions of this Indenture to be delivered to the Trustees or any of them as a condition precedent to the granting of any application, they shall be under no obligation to grant such application. The reasonable expense of every such examination shall be paid by the Company, or if paid by the Trustees or any of them shall be repaid by the Company, upon demand, with interest at the rate of six per cent (6%) per annum,

126

and until such repayment shall have the benefit of the lien hereby created in priority to the indebtedness evidenced by the bonds and coupons issued hereunder.

SECTION 12. The Corporate Trustee is authorized to deposit, in trust for the payment of the interest on any bonds issued under this Indenture, with any co-paying agent appointed by the Company for that purpose, in accordance with the provisions of this Indenture, provided such co-paying agent shall be a bank or trust company having a capital and surplus of not less than One Million Dollars ($1,000,000), subject to recall by the Corporate Trustee, such part of such moneys as shall, in the opinion of the Corporate Trustee, be necessary or desirable to provide for the payment by any such co-paying agent of the interest on any of the bonds issued hereunder and the Trustees shall be relieved of responsibility for the safety and/or application of such moneys while in the possession of the co-paying agent. In the event that part of such moneys is recalled by the Corporate Trustee, it shall thereafter be held by the Corporate Trustee in trust as hereinbefore in this section provided. The Corporate Trustee shall allow or credit to the Company such interest, if any, upon the sum so held or deposited as may from time to time be agreed upon by the Corporate Trustee and the Company.

SECTION 13. The Company shall pay to the Trustees from time to time a reasonable compensation for all services rendered hereunder, and also all their reasonable expenses, charges, counsel fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the administration and execution of the trusts hereby created, and the performance of their powers and duties hereunder, and agrees to indemnify and save the Trustees harmless against any liabilities (except liabilities arising from the negligent action or negligent failure to act or the wilful misconduct of them or any of them or from its undertaking set forth in the third paragraph of Section 2 of this Article) which they, or any of them, may incur in the exercise and performance of their powers and duties hereunder. In default of such payments by the Company, and as security for such indemnification, the

127

Trustees shall have the benefit of the lien hereby created in priority to the indebtedness evidenced by the bonds and coupons issued hereunder.

In order to further assure the Trustees that they will be compensated, reimbursed and indemnified as provided in this Section and that the prior lien provided for in this Section upon the trust estate to secure the payment of such compensation, reimbursement and indemnity will be enforced for the benefit of the Trustees, all parties to this Indenture agree, and each holder or owner of any bond by his acceptance thereof shall be deemed to have agreed that in the event of

(1) the adjudication of the Company as a bankrupt by any court of competent jurisdiction,

(2) the filing of any petition seeking the reorganization of the Company under the Federal Bankruptcy Laws or any other applicable law or statute of the United States of America or of any State thereof,

(3) the appointment of one or more trustees or receivers of all or substantially all of the property of the Company,

(4) the filing of any bill to foreclose this Indenture,

(5) the filing by the Company of a petition to take advantage of any insolvency act, or

(6) the institution of any other proceeding wherein it shall become necessary or desirable to file or present claims against the Company,

the Trustees may file from time to time in any such proceeding or proceedings one or more claims, supplemental claims and amended claims as a secured creditor for their reasonable compensation for all services rendered by them (including services rendered during the course of any such proceeding or proceedings) and for reimbursement for all advances, expenses and disbursements (including the reasonable compensation and the expenses and disbursements of their counsel and of all persons not regularly in their employ) made or incurred by them in the execution of the

128

trusts hereby created and in the exercise and performance of any of the powers and duties herein of the Trustees, and for any and all amounts to which the Trustees are entitled as indemnity as provided in this Section; and the Trustees and their counsel and agents may file in any such proceeding or proceedings applications or petitions for compensation for such services rendered, for reimbursement for such advances, expenses and disbursements, and for such indemnity. The claim or claims of the Trustees filed in any such proceeding or proceedings shall be reduced by the amount of compensation for services, reimbursement for advances, expenses and disbursements, and indemnity paid to them following final allowance to them and to their counsel and agents by the court in any such proceeding as an expense of administration or in connection with a plan of reorganization or readjustment. To the extent that compensation, reimbursement and indemnity are denied to the Trustees or to their counsel or other agents because of not being rendered or incurred in connection with the administration of an estate in a proceeding or in connection with a plan of reorganization or readjustment, approved as required by law, because such services were not rendered in the interests of and with benefit to the estate of the Company as a whole but in the interests of and with benefit to the holders of the bonds, in the execution of the trusts hereby created or in the exercise and performance of any of the powers and duties hereunder of the Trustees or because of any other reason, the court may to the extent permitted by law allow such claim, as supplemented and amended, in any such proceeding or proceedings and for the purposes of any plan of reorganization or readjustment of the Company's obligations, classify the Trustees as secured creditors of a class separate and distinct from that of other creditors and of a class having priority and precedence over the class in which the holders of bonds are placed by reason of having a lien, prior and superior to that of the holders of the bonds, upon the trust estate, including all property or funds held or collected by the Trustees as such. The amount of the claim or claims of the Trustees for services rendered and for advances, expenses and disbursements, including the reasonable compensation and the expenses and disbursements of their counsel and of all persons not regularly in their employ which are not allowed and paid in any such proceeding, but for which the Trustees are entitled to the allowance of a secured claim as herein provided, may be fixed by the court or judge in any such proceeding or proceedings to the extent that such court or judge has or exercises jurisdiction over the amount of any such claim or claims.

If, and to the extent that the Trustees and their counsel and other persons not regularly in their employ do not receive compensation for services rendered, reimbursement of their advances, expenses and disbursements, or indemnity, as herein provided, as the result of allowances made in any such proceeding or by any plan of reorganization or readjustment of obligations of the Company, the Trustees shall be entitled, in priority to the holders of the bonds, to receive any distributions of any securities, dividends or other disbursements which would otherwise be made to the holders of bonds in any such proceeding or proceedings and are hereby constituted and appointed, irrevocably, the attorneys in fact for the holders of the bonds and each of them to collect and receive, in their name, place and stead, such distributions, dividends or other disbursements, to deduct therefrom the amounts due to the Trustees, their counsel and other persons not regularly in their employ on account of services rendered, advances, expenses, and disbursements made or incurred, or indemnity, and to pay and distribute the balance, pro rata, to the holders of the bonds. The Trustees shall have a lien upon any securities or other considerations to which the holders of the bonds may become entitled pursuant to any such plan of reorganization or readjustment of obligations, or in any such proceeding or proceedings; and the court or judge in any such proceeding or proceedings may determine the terms and conditions under which any such lien shall exist and be enforced.

Section 14. Unless a completed default of the character specified in Section 1 of Article XIII of this Indenture has occurred and has not been rescinded or annulled as provided in Section 1 of Article XIII, or been otherwise cured or made good to the satisfaction of the Corporate Trustee, in the event that the Trustees, or any of them shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any



(a) such trustee shall, within ninety (90) days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign in the manner hereinafter in Section 19 of this Article provided, such resignation to become effective upon the appointment of a successor trustee and such successor's acceptance of such appointment, and the Company shall take prompt steps to have a successor appointed in the manner hereinafter in Section 21 of this Article XVI provided; and

(b) in the event that such trustee shall fail to comply with the provisions of the preceding clause (a) of this Section, such trustee shall within ten (10) days after the expiration of such ninety (90) day period, transmit notice of such failure to the bondholders, in the manner and to the extent provided in subdivision (c) of Section 10 of this Article XVI; and

(c) subject to the provisions of Section 9 of Article XX hereof, any bondholder who has been a bona fide holder of a bond or bonds for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of any such trustee and the appointment of a successor, if such trustee fails, after written request by such holder, to comply with the provisions of subdivision (a) of this Section 17;

(d) for the purposes of this Section 17, any such trustee shall be deemed to have a conflicting interest if

(1) such trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of any obligor upon bonds issued hereunder are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of bonds issued hereunder;

(2) such trustee or any of its directors or executive officers is an obligor upon bonds issued hereunder or an underwriter for such an obligor;



action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the President or a Vice President and the Treasurer or an Assistant Treasurer of the Company conforming to the applicable requirements of this Indenture, if any, and delivered to the Corporate Trustee, and such certificate shall be full warrant to the Trustees for any action taken or suffered by them, or any of them under the provisions of this Indenture upon the faith thereof; but in their discretion the Trustees may require such further evidence of such fact or matter or may require such further or additional evidence as to them, or any of them, may seem reasonable.

Section 15. The Trustees or any of them acting for themselves or as banker may (subject to the provisions of Section 17 of this Article) become a purchaser, seller, or pledgee of bonds and coupons secured hereby with the same rights that they would have if they were not Trustees and without liability or accountability to the Company or the bondholders or otherwise in respect of any such purchase, sale, or pledge by or to them of any such bonds and coupons. The Corporate Trustee may act as depository for, and permit any of its officers or directors to act as a member of, any committee formed to protect the rights of bondholders, or effect or aid in any reorganization growing out of the enforcement of the bonds or of this Indenture, whether or not any such committee shall represent the holders of a majority in principal amount of the bonds outstanding hereunder.

Section 16. Any action taken by the Trustees, or any of them, pursuant to any provision of this Indenture or of any supplemental indenture upon the request or with the consent of any person who at the time is the owner of any bond or bonds shall be conclusive and binding upon any future owner of the same bond or bonds.

Section 17. If any trustee under this Indenture (whether the Corporate Trustee, the Individual Trustee, or any separate trustee or trustees or co-trustee or co-trustees appointed as provided in Section 22 of this Article) has or shall acquire any conflicting interest as hereinafter in this Section defined,



(3) such trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with an obligor upon bonds issued hereunder or an underwriter for such an obligor;

(4) such trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee, or representative of any obligor upon bonds issued hereunder, or of an underwriter (other than such trustee itself) for such an obligor who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of such trustee and a director and/or an executive officer of any such obligor, but may not be at the same time an executive officer of both such trustee and of any such obligor, and (B) if and so long as the number of directors of such trustee in office is more than nine, one additional individual may be a director and/or an executive officer of such trustee and a director of any such obligor, and (C) such trustee may be designated by any such obligor or by any underwriter for any such obligor, to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent, or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this subdivision (d), to act as trustee, whether under an indenture or otherwise;

(5) 10 per cent (10%) or more of the voting securities of such trustee is beneficially owned either by any obligor upon bonds issued hereunder or by any director, partner, or executive officer thereof, or 20 per cent (20%) or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10 per cent (10%) or more of the voting securities of such trustee is beneficially owned either by an underwriter for any such obligor or by any director, partner, or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

133

(6) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter in this Section defined, (A) 5 per cent (5%) or more of the voting securities or 10 per cent (10%) or more of any other class of security of any obligor upon bonds issued hereunder not including bonds issued hereunder and securities issued under any other indenture under which such trustee is also trustee, or (B) 10 per cent (10%) or more of any class of security of an underwriter for any such obligor;

(7) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter in this Section defined, five per cent (5%) or more of the voting securities of any person who, to the knowledge of such trustee owns ten per cent (10%) or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, any obligor upon bonds issued hereunder;

(8) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter in this Section defined, ten per cent (10%) or more of any class of security of any person who, to the knowledge of such trustee, owns fifty per cent (50%) or more of the voting securities of any obligor upon bonds issued hereunder; or

(9) such trustee owns, on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of twenty-five per cent (25%) or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7), or (8) of this subdivision (d); provided that the provisions of this paragraph (9) shall not apply to any such securities ownership of which was acquired by a trustee through becoming

134

executor, administrator, or testamentary trustee of an estate which included them, for a period of not more than two (2) years from the date of such acquisition, to the extent that such securities included in such estate do not exceed twenty-five per cent (25%) of such voting securities or twenty-five per cent (25%) of any such class of security. Promptly after May 15 in each calendar year, each trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15.

If any obligor upon bonds issued hereunder fails to make payment in full of any principal or interest due thereon when and as the same becomes due and payable, and such failure continues for thirty (30) days thereafter, each trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such thirty (30) day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by each trustee, with sole or joint control over such securities vested in it, shall be considered as though beneficially owned by such trustee, for the purposes of paragraphs (6), (7) and (8) of this subdivision (d).

For the purposes of paragraphs (6), (7), (8) and (9) of this subdivision (d), (A) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies, or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for thirty (30) days or more, and shall not have been cured; and (C) a trustee shall not be deemed the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as above defined, or (ii) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (iii)

135

any security which it holds as agent for collection, or as custodian, escrow agent, or depositary, or in any similar representative capacity.

For the purposes of this subdivision (d), (A) the term "obligor" means the Company and any other person who is liable upon bonds issued hereunder, and (B) the term "underwriter" when used with reference to any obligor upon bonds issued hereunder means every person who, within three years prior to the time as of which the determination is made, was an underwriter of any security of any such obligor outstanding at such time.

The specification of percentages in paragraphs (5) to (9) inclusive of this subdivision (d) shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraphs (3) or (7) of this subdivision (d).

Section 18. (a) Subject to the provisions of subdivision (b) of this Section, if any trustee under this Indenture (whether the Corporate Trustee, the Individual Trustee or any separate trustee or trustees or co-trustee or co-trustees appointed as provided in Section 22 of this Article) shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within four (4) months prior to a default as hereinafter in this Section 18 defined, or subsequent to such a default, then, unless and until such default shall be cured, such trustee shall set apart and hold in a special account for the benefit of itself individually and of the bondholders and of the holders of other indenture securities (as hereinafter in this subdivision (a) defined),

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest effected after the beginning of such four (4) months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subdivision (a) or from the exercise of any right of set-off which such trustee could have exercised

136

if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof or otherwise, after the beginning of such four (4) months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing in this Section contained, however, shall affect the right of any such trustee

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by such trustee to a third person, and (iii) distributions made in cash, securities, or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four (4) months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four (4) months' period and such property was received as security therefor, simultaneously with the creation thereof, and if such trustee shall sustain the burden of proving that at the time such property was so received such trustee had no reasonable cause to believe that a default (as hereinafter in this subdivision (a) defined) would occur within four (4) months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C) above, against the release of any property held as security for such claim as provided in such paragraph

(B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D) above, property substituted after the beginning of such four (4) months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any preexisting claim of such trustee as such creditor, such claim shall have the same status as such preexisting claim.

If such trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between such trustee, the bondholders, and the holders of other indenture securities (as hereinafter in this subdivision defined) in such manner that such trustee, the bondholders, and the holders of such other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of such trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of such trustee, the bondholders, and the holders of such other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities, or other property, but shall not include



any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership, or proceedings for reorganization are pending shall have jurisdiction (i) to apportion between such trustee, the bondholders, and the holders of other indenture securities (as hereinafter in this subdivision defined) in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to such trustee, the bondholders, and the holders of other indenture securities, with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any trustee hereunder who has resigned or been removed after the beginning of such four (4) months' period shall be subject to the provisions of this subdivision (a) as though such resignation or removal had not occurred. Any trustee hereunder who has resigned or been removed prior to the beginning of such four (4) months' period shall be subject to the provisions of this subdivision (a) if and only if the following conditions exist—

(i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such trustee had continued as trustee, occurred after the beginning of such four (4) months' period; and

(ii) such receipt of property or reduction of claim occurred within four (4) months after such resignation or removal.

As used in this subdivision (a), the term "default" means any failure to make payment in full of the principal of or interest upon the bonds or upon the other indenture securities when and as such principal or interest becomes due and payable; and the term



"other indenture securities" means securities upon which the Company is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (i) under which such trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of this Section, and (iii) under which a default exists at the time of the apportionment of the funds and property held in said special account.

(b) The provisions of subdivision (a) of this Section shall not apply to a creditor relationship arising from

(1) the matters specified in clauses (i), (ii), (iii), (iv) and (v) of paragraph (3) of subdivision (a) of Section 10 of this Article;

(2) the ownership or acquisition of any security or securities issued under any indenture (as defined in the Trust Indenture Act of 1939), or of any security or securities having a maturity of one (1) year or more at the time of acquisition by such trustee; or

(3) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company.

For the purpose of this Section the term Company shall include any other obligor on the bonds outstanding hereunder.

Section 19. The Trustees, or any of them, or any successor or successors hereafter appointed, or any of them, may at any time resign and be discharged of the trusts hereby created by giving written notice thereof to the Company, specifying a date when such resignation shall take effect, at least thirty (30) days preceding the date on which such resignation is to take effect and, in case of the resignation of the Corporate Trustee, by publishing such notice once in each of not less than three (3) successive calendar weeks (and in each case on any day in the week) immediately preceding the date on which such resignation is to take effect, in



a daily newspaper of general circulation published at Chicago, Illinois, and in a like newspaper published in the Borough of Manhattan, City of New York, and such resignation shall take effect upon the day specified in such notice unless previously a successor trustee shall have been appointed by the bondholders or the Company as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor trustee.

Section 20. The Trustees, or any of them, or any successor or successors hereafter appointed, may be removed at any time upon payment of the compensation to which the one removed shall then be entitled and of the expenses which it shall have incurred in and about the performance of its duties hereunder, by an instrument or concurrent instruments in writing filed with the Corporate Trustee, or a successor Corporate Trustee, and signed by the holders of a majority in principal amount of the bonds then outstanding hereunder.

The Corporate Trustee or any of its successors in the trust hereby created shall have the power at any time by an instrument in writing, duly executed by its President or a Vice President under its seal, to remove the Individual Trustee from his position as one of the Trustees hereunder and in case of such removal or in case of the death, resignation or inability to act of the Individual Trustee to appoint some other officer of the Corporate Trustee as successor in the trust to the said Individual Trustee. Any successor in trust so appointed by the Corporate Trustee shall be vested with all and singular the same powers and authority as in this Indenture conferred upon the Individual Trustee.

Section 21. In case at any time any Trustee, or any successor or successors hereafter appointed, shall resign, or shall be removed (unless any Trustee shall be removed as provided in subdivision (c) of Section 17 of this Article XVI, in which event the vacancy shall be filled as provided in said subdivision) or shall become incapable of acting, or (in the case of the Corporate Trustee) shall be dissolved or liquidated, or be in the process of dissolution or liquidation, or shall be adjudged a bankrupt or insolvent, or if a

141

receiver of any Trustee or of any successor or of its property shall be appointed, or if the Comptroller of the Currency or other public officer shall take charge or control of any Trustee or of any such successor or of its property or affairs, a successor or successors may be appointed (unless in the case of the Individual Trustee a successor to the Individual Trustee shall be appointed by the Corporate Trustee as provided in the foregoing Section 20 of this Article XVI) by the holders of a majority in principal amount of the bonds then outstanding hereunder, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys in fact duly authorized, and delivered to such new Trustee, notification thereof being given to the Company, and the predecessor Trustee; provided, nevertheless, that until a new Trustee shall be appointed by the bondholders as aforesaid, the Company, by instrument executed by order of its Board of Directors and duly acknowledged by its proper officers, may appoint a Trustee to fill such vacancy until a new Trustee shall be appointed by the bondholders as herein authorized. The Company shall publish notice of any such appointment by it made at least once in each of not less than two successive calendar weeks (and in each case on any day in the week), in a daily newspaper of general circulation published at Chicago, Illinois, and in a like newspaper published in the Borough of Manhattan, City of New York. Any new Trustee appointed by the Company shall, immediately and without further act, be superseded by a Trustee appointed by the bondholders, under the foregoing provisions of this Section, provided, however, that any new Trustee appointed by the Company shall not be superseded by a Trustee appointed by the bondholders unless such appointment by the bondholders shall have been made within one year subsequent to the appointment of such new Trustee by the Company.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within six months after a vacancy shall have occurred in the office of Trustee, the holder of any bond outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction

142

to appoint a successor Trustee. Said court may thereupon after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any trustee appointed under the provisions of this Section in succession to the Individual Trustee shall be an individual citizen of the United States of America.

If any Trustee resigns because of a conflicting interest as provided in subdivision (a) of Section 17 of this Article XVI and a successor has not been appointed by the Company or the bondholders and has not accepted the appointment within thirty (30) days after the date of such resignation, the resigning Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee.

Section 22. At any time or times, for the purpose of conforming to any legal requirements, restrictions or conditions in any State in which any part of the mortgaged and pledged property then subject to this Indenture may be located, the Company and the Corporate Trustee shall have power to appoint, and, upon the request of the Corporate Trustee, the Company shall for such purpose join with the Trustees in the execution, delivery and recording of all instruments and agreements necessary or proper to appoint another corporation or one or more persons, approved by the Corporate Trustee, either to act as separate trustee or trustees, or co-trustee or co-trustees jointly with the Trustees of all or any of the property subject to the lien hereof. In the event that the Company shall not have joined in any such appointment within twenty days after the receipt by it of a request so to do, the Corporate Trustee alone shall have power to make such appointment.

Every Individual Trustee, every separate trustee, every co-trustee and every successor trustee, other than The Northern Trust Company and any trustee which may be appointed as successor to The Northern Trust Company, shall, to the extent permitted by law, be appointed subject to the following provisions and conditions, namely:

(1) The bonds secured hereby shall be authenticated and delivered, and all powers, duties, obligations and rights, con-

143

ferred upon the Trustees in respect of the custody of all funds and any securities pledged hereunder, shall be exercised solely by The Northern Trust Company, or its successors in the trust hereunder;

(2) The rights, powers, duties and obligations conferred or imposed upon the trustees or any of them are so conferred or imposed upon and shall be exercised or performed by The Northern Trust Company or its successor in the trust hereunder alone, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed The Northern Trust Company or its successor in the trust herein shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations may be exercised and performed by the Individual Trustee or separate trustee or trustees or co-trustee or co-trustees; and

(3) The Company and the Corporate Trustee, at any time by an instrument in writing executed by them jointly, may remove the Individual Trustee or any separate trustee or co-trustee appointed under this Section, and may likewise and in like manner appoint a successor to such Individual Trustee or separate trustee or co-trustee so removed, or who shall have resigned as provided in Section 19 of this Article, anything herein contained to the contrary notwithstanding.

Any notice, request or other writing, by or on behalf of the holders of the bonds issued hereunder, delivered solely to the Corporate Trustee, or its successors in the trust, shall be deemed to have been delivered to all of the then trustees as effectually as if delivered to each of them. Every instrument appointing any trustee or trustees other than a successor to The Northern Trust Company, shall refer to this Indenture and the conditions in this Section expressed, and upon the acceptance in writing by such trustee or trustees, he, they or it shall be vested with the estates or property specified in such instrument, either jointly with the Corporate Trustee, or its successor, or separately, as may be provided therein, subject to all the trusts, conditions and provisions of this

144

Indenture; and every such instrument shall be filed with the Corporate Trustee, or its successors in the trust. Any Individual Trustee or any separate trustee or trustees or any co-trustee or co-trustees may at any time by an instrument in writing constitute the Corporate Trustee, or its successors in the trust hereunder his, their or its agent or attorney-in-fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretion authorized or permitted by him, them or it, for and in behalf of him, them or it, and in his, their or its name. Any Individual Trustee or any separate trustee or co-trustee may, as to the execution of releases or as to any action hereunder, whether discretionary or otherwise, act by attorney-in-fact. In case the Individual Trustee or any separate trustee or trustees or co-trustee or co-trustees, or a successor to any of them, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of said Individual Trustee or separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Corporate Trustee, or its successor in trust, until the appointment of a new trustee as successor to such Individual Trustee or separate trustee or co-trustee.

Section 23. Any successor trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor trustee, and also to the Company, an instrument accepting such appointment hereunder, and thereupon such successor trustee, without any further act, deed or conveyance shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors in trust hereunder, with like effect as if originally named as trustee or co-trustee herein; but the trustee ceasing to act, shall nevertheless, on the written request of the Company, or of the successor trustee, but at the cost and expense of the Company, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor trustee all the right, title and interest of the trustee, to which he or it succeeds, and to the mortgaged and pledged property and such rights, powers, trusts, duties and obli-

145

gations, and the trustee ceasing to act shall also, upon like request, pay over, assign and deliver to the successor trustee any money or other property subject to the lien of this Indenture, which may then be in his or its possession. Should any deed, conveyance or instrument in writing from the Company be required by the new trustee for more fully and certainly vesting in and confirming to such new trustee such estate, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Company. A recital in any instrument executed by the Company and the new trustee that the appointment of such new trustee has been made by the requisite number of bondholders shall be deemed conclusive as to the appointment of such new trustee by such requisite number of bondholders. The resignation of any trustee and the instrument or instruments removing any trustee and appointing a successor trustee hereunder, together with deeds, conveyances and other instruments provided for in this Article, shall forthwith, at the expense of the Company, be filed for record in the same office or offices in which this Indenture shall have been recorded.

Section 24. Any bank or trust company into which the Corporate Trustee or any successor to it in the trusts created by this Indenture may be merged, or converted, or with which it or any successor to it may be consolidated, or any bank or trust company resulting from any merger, conversion or consolidation to which the Corporate Trustee or any successor to it shall be a party, or which shall otherwise succeed to the business and affairs of the Corporate Trustee, shall be successor Corporate Trustee under this Indenture without the execution or filing of any paper or any further act on the part of either of the parties hereto, anything herein contained to the contrary notwithstanding, provided such bank or trust company shall be qualified under the provisions of Section 2 of this Article XVI. In case any of the bonds issuable under this Indenture shall have been authenticated, but not delivered, any such successor trustee may adopt the certificate of authentication of The Northern Trust Company, or of any successor to it, as Corporate Trustee hereunder, and deliver

146

the same so authenticated; and in case any of the bonds issuable hereunder shall not have been authenticated, any successor Corporate Trustee may authenticate such bonds either in the name of any predecessor Corporate Trustee or in the name of such successor, and in all such cases such authentication shall have the full force and effect which anywhere in said bonds or in this Indenture it is provided that the authentication of the Corporate Trustee shall have; provided, however, that the right to authenticate bonds in the name of The Northern Trust Company, shall extend only to its successor by merger, conversion or consolidation.

Section 25. In the case of any receivership, insolvency, or bankruptcy, or other judicial proceedings affecting the Company, its creditors or its property, the Corporate Trustee shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Trustee and of the bondholders allowed in such proceedings for the entire amount due and payable by the Company under this Indenture or the bonds outstanding hereunder at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Company hereunder after such date, without prejudice however, to the right of any bondholder to file a claim in his own behalf.

Section 26. Whenever it is provided in this Indenture that the Corporate Trustee shall take any action upon the happening of a specified event or upon the fulfillment of any condition or upon the request of the Company or of bondholders, the Corporate Trustee in taking such action shall have full power to give any and all notices and to do any and all acts necessary and incidental to such action.

Section 27. Nothing in this Article contained shall be construed to deprive any holder or holders of any of the bonds hereby secured of any legal or equitable remedy that such holder or holders may have by reason of fraud, collusion, gross negligence or wilful misconduct.

147

## ARTICLE XVII

### Discharge of Mortgage.

Section 1. The Trustees (and any trustee appointed pursuant to Section 22 of Article XVI hereof) may, and upon request of the Company accompanied by a Treasurer's certificate and an opinion of counsel as hereinafter in this Article provided, shall, cancel and discharge the lien of these presents, and execute and deliver to the Company such deeds and instruments as shall be requisite to satisfy the lien hereof, and reconvey and transfer to the Company the mortgaged and pledged property, whenever all indebtedness secured hereby shall have been paid, including all proper charges of the Trustees hereunder. For this purpose bonds for the purchase or redemption of which money shall have been set apart by or paid to the Trustees or any of them under the provisions of Article IX or Article X or Article XI hereof and bonds for the payment of the principal of which, with interest to maturity, moneys shall have been deposited in trust with the Trustees or any of them shall be deemed to be paid provided that as to bonds to be redeemed, the notice provided for in respect of their redemption shall have been duly given or provision satisfactory to the Corporate Trustee for the giving of such notice shall have been made; and provided further that as to any bonds for the payment of which at maturity moneys shall have been deposited as aforesaid, the maturity date of such bonds shall be not more than one year subsequent to the date of cancellation and discharge or satisfaction of the lien of these presents.

Such request of the Company for the cancellation and discharge of the lien hereof shall be accompanied by a Treasurer's certificate and an opinion of counsel, as herein defined, each conforming to the requirements of Section 11 of Article I hereof and stating that in the opinion of the signers all conditions precedent to such cancellation and discharge prescribed by this Article XVII have been complied with.

148

## ARTICLE XVIII.

### Modification of Indenture.

Section 1. Modifications and alterations of this Indenture and/or of any indenture supplemental hereto and/or of the rights and obligations of the Company and/or of the holders of outstanding bonds and coupons issued hereunder may be made as provided in the nine next succeeding sections hereof to the extent and only to the extent provided in Section 7 of this Article.

Section 2. The Corporate Trustee may at any time call a meeting of the bondholders and it shall call such a meeting on the written request of the Company, given pursuant to a resolution of its Board of Directors, or of the holders of fifteen per cent (15%) or more in principal amount of the bonds outstanding hereunder at the time of such request. In the event of the Corporate Trustee's failing for ten (10) days to call a meeting after being thereunto requested by the Company or the bondholders as above set forth, the Company, pursuant to resolution of its Board of Directors, or the holders of outstanding bonds to the amount above specified in this Section may call such meeting. Every such meeting called at the instance of the Corporate Trustee shall be held at the principal office of the Corporate Trustee, or with the written approval of the Company, at any other place in the United States of America, but if called by or at the instance of the bondholders or of the Company shall be held at such place in the City of Chicago, State of Illinois, or with the written approval of the Company at such other place in the United States of America as may be specified in the notice calling such meeting or requesting such meeting to be called. If such meeting be called by the Corporate Trustee written notice thereof, stating the place and time thereof and in general terms the business to be submitted, shall be mailed by the Corporate Trustee not less than thirty (30) days before such meeting (a) to the bondholders in the manner and to the extent provided in subdivision (c) of Section 10 of Article XVI, and (b) to the Company addressed to it at Centerville, Iowa (or at such other address as may be designated by the Company from time to time) and the Corporate Trustee shall also cause such notice to be published at least once a week for three (3) successive calendar weeks (in each case on any day in the week) preceding the calendar week in which the meeting is to be held in a daily newspaper of general circulation published at Chicago, Illinois, and in a like newspaper published in the Borough of Manhattan, City of New York; provided, however, that the mailing of such notice to any such bondholder shall in no case be a condition precedent to the validity of any action taken at such meeting. If such meeting is called by or at the instance either of the Company or the bondholders after failure of the Corporate Trustee to call the same after being requested so to do in accordance with the provisions of this section notice of such meeting shall be sufficient for all purposes hereof if given by newspaper publication as aforesaid stating the place and time of the meeting and in general terms the business to be submitted. Any meeting of bondholders shall be valid without notice if the holders of all bonds then outstanding hereunder are present in person or by proxy and if the Company and the Corporate Trustee are present by duly authorized representatives, or if notice is waived in writing before or after the meeting by all such persons as are not so present in person, by proxy, or by duly authorized representatives.

Section 3. Officers and nominees of the Corporate Trustee and of the Company may attend such meeting, but shall not be entitled to vote thereat. Attendance by bondholders may be in person or by proxy. In order that the holders of bonds payable to bearer and their proxies may attend without producing their bonds, the Corporate Trustee, with respect to any such meeting called by the Corporate Trustee, may make and from time to time vary such regulations as it shall think fit for deposit of bonds with the Corporate Trustee or with any banks, bankers or trust companies and for the issue to the persons depositing the same of certificates by such depositaries stating that they hold and will retain in their possession until a specified date bonds outstanding hereunder of spec-



ified principal amounts, series and numbers for the account of holders respectively named therein, and any regulations so made shall be binding and effective. If any such meeting shall have been called by bondholders or by the Company as aforesaid upon failure of the Corporate Trustee to call the same after having been requested so to do under the provisions of the preceding section hereof, regulations to like effect for such deposit of bonds with and issue of certificates by any bank or trust company organized under the laws of the United States of America or of any state thereof, having a capital of not less than Five Hundred Thousand Dollars ($500,000), shall be similarly binding and effective for all purposes hereof if adopted or approved by the bondholders calling such meeting or by the Board of Directors of the Company, if such meeting shall have been called by the Company, provided that in either such case copies of such regulations shall be filed with the Corporate Trustee. Modifications of any such regulations, whether made by the Corporate Trustee, the Company or the bondholders, shall not be made during the period from the date of first publication of notice of any such meeting to the final adjournment thereof.

Section 4. Subject to the restrictions specified in Section 3 and of Section 7 of this Article, any registered owner of bonds outstanding hereunder and any holder of a certificate provided for in the preceding section hereof upon presentation thereof and prior to the date specified in such certificate, shall be entitled in person or by proxy to attend and vote at such meeting as owner of the bonds registered or certified in the name of such owner without producing such bonds. All others seeking to attend or vote at such meeting in person or by proxy must, if required by any authorized representative of the Corporate Trustee or the Company or by any other bondholder, produce the bonds claimed to be owned or represented at such meeting, and everyone seeking to attend or vote shall, if required as aforesaid, produce such further proof of bond ownership or personal identity as shall be satisfactory to the authorized representative of the Corporate Trustee, or if none be present then to the Inspectors of Votes hereinafter provided for. Proxies shall be acknowledged as required for an



instrument to be recorded in the State of Iowa, and all proxies and certificates presented at any meeting shall be delivered to said Inspectors of Votes and filed with the Corporate Trustee.

Section 5. Persons named by the Corporate Trustee if represented at the meeting shall act as temporary Chairman and Secretary, respectively, of the meeting, but if the Corporate Trustee shall not be represented or shall fail to nominate such persons or if any person so nominated shall not be present, the bondholders and proxies present, whether or not sufficient to constitute a quorum, shall by the vote of the persons owning the majority in amount of the bonds represented at the meeting, elect other persons from those present to fill such vacancy or vacancies. A permanent Chairman and a permanent Secretary of such meeting shall be elected from those present by the bondholders and proxies present by a majority vote of the bondholders present in person or by proxy irrespective of the amount of their holdings. The Corporate Trustee, if represented at the meeting, shall appoint two Inspectors of Votes who shall count all votes cast at such meeting, except votes on the election of a Chairman and Secretary, both temporary and permanent, as aforesaid, and who shall make and file with the permanent Secretary of the meeting their verified written report in duplicate of all such votes so cast at said meeting. If the Corporate Trustee shall not be represented at the meeting or shall fail to nominate such Inspectors of Votes or if either Inspector of Votes fails to attend the meeting the vacancy shall be filled by appointment by the permanent Chairman of the meeting.

Section 6. Subject to the provisions of Section 10 of this Article, the holders of not less than eighty per cent (80%) in principal amount of the bonds outstanding hereunder when such meeting is held must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn; provided, however, that if such meeting is adjourned by less than a quorum for more than fourteen (14) days, notice thereof shall forthwith be mailed by the Corporate Trustee if such meeting shall have been



called by the Corporate Trustee (a) to the bondholders in the manner and to the extent provided in subdivision (c) of Section 10 of Article XVI and (b) to the Company addressed to it at Centerville, Iowa (or at such other address as may be designated by the Company in writing from time to time), and shall be published at least once in each fourteen (14) day period of any such adjournment or adjournments in a daily newspaper of general circulation published at Chicago, Illinois, and in a like newspaper published in the Borough of Manhattan, City of New York. The failure to mail such notice to any such bondholder as aforesaid shall in no case affect the validity of any action taken at any meeting held pursuant to such adjournment. If such meeting shall have been called by bondholders or by the Company after the failure of the Corporate Trustee to call the same after being requested so to do in accordance with the provisions of Section 2 of this Article, notice of such adjournment shall be given by the Chairman and Secretary of the meeting in the newspapers and for the number of times above specified in this Section and shall be sufficient if so given.

Section 7. Subject to the provisions of Section 10 of this Article, any modification or alteration of this Indenture and/or of any indenture supplemental hereto and/or of the rights and obligations of the Company and/or of the holders of bonds and coupons issued hereunder in any particular may be made at a meeting of bondholders duly convened and held in accordance with the provisions of this Article, but only by resolution duly adopted by the affirmative vote in person or by proxy of the holders of eighty per cent (80%) or more in principal amount of the bonds outstanding hereunder entitled to vote on any such modification or alteration when such meeting is held, and approved by resolution of the Board of Directors of the Company as hereinafter specified; provided, however, that no such modification or alteration intended to effect or permit any of the matters specified in clauses 1 to 5, both inclusive, of this paragraph shall be effective as to any bond, the holder of which has not assented to such modification or alteration: (1) the extension of the maturity of the principal of any bond, or (2) the reduction in the rate of interest thereon or any other modification in the terms of payment of such principal or interest or the impairment in any manner of the right of action of the holders to enforce such payment, or (3) the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the property mortgaged or pledged hereunder, or (4) the deprivation of any bondholder of a lien upon the mortgaged and pledged property for the security of his bond (subject only to the lien of taxes for the then current year, the lien of taxes, assessments or governmental charges not then delinquent and to any mortgage or other liens existing upon said property which are prior hereto at the date of the calling of any such bondholders' meeting), or (5) the reduction of the percentage required by the provisions of this Section for the taking of any action under this Section with respect to any bond outstanding hereunder; and provided further that any action permitted under the terms of this Section 7 taken at any meeting of bondholders shall not affect the rights under this Indenture or any indenture supplemental hereto of the holders of one or more but less than all of the series of bonds outstanding hereunder unless such action shall also have received the affirmative vote in person or by proxy of the holders of eighty per cent (80%) or more in aggregate principal amount of the bonds of each of the series so affected outstanding at the date of taking such action; and provided further that no such modification or alteration shall be made the effect of which would be to include in this Indenture or any indenture supplemental hereto any provision or provisions the inclusion of which in an indenture to be qualified under the Trust Indenture Act of 1939 would be contrary to the provisions of said Act as in effect at the time of such meeting.

Bonds owned and/or held by and/or for account of and/or for the benefit or interest of the Company, if challenged by any other bondholder at such meeting and such ownership, benefit or interest is established, shall not be deemed outstanding for the purpose of any vote or calculation of outstanding bonds in this Article provided for, or for the purpose of the quorum in Section 6 of this Article provided for. The Company shall deliver to the Corporate Trustee, or if it be not represented at the meeting to the temporary secretary of the meeting, a statement signed and sworn to by the



President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company setting forth the series, serial numbers and principal amount of all bonds issued hereunder, so owned and/or held by and/or for the account of and/or the benefit or interest of the Company.

SECTION 8. A record in duplicate of the proceedings of each meeting of bondholders shall be prepared by the permanent Secretary of the meeting and shall have attached thereto the original reports of the Inspectors of Votes, and affidavits by one or more persons having knowledge of the facts showing a copy of the notice of the meeting and a copy of the notice of adjournment thereof, if required under the provisions of Section 6 of this Article, and showing that said notices were mailed and published as provided in Section 2 of this Article, and, in a proper case, as provided in Section 6 of this Article. Such record shall be signed and verified by the affidavits of the permanent Chairman and the permanent Secretary of the meeting, and one duplicate thereof shall be delivered to the Company and the other to the Corporate Trustee for preservation by the Corporate Trustee. Any record so signed and verified shall be proof of the matters therein stated until the contrary is proved, and if such record shall also be signed and verified by the affidavit of a duly authorized representative of the Corporate Trustee, such meeting shall be deemed conclusively to have been duly convened and held. A true copy of any resolution adopted at such meeting, if approved by resolution of the Board of Directors of the Company as evidenced by a certified copy thereof filed with the Corporate Trustee as hereinafter provided shall be published at least twice in a daily newspaper of general circulation published at Chicago, Illinois, and in a like newspaper published in the Borough of Manhattan, City of New York, the first publication to be made not more than fifteen days, and the second publication to be made not more than twenty-five days after the adoption of such bondholders' resolution and the filing of such evidence of approval thereof by the Board of Directors of the Company and shall be mailed by the Corporate Trustee to the bondholders in the manner and to the extent provided in subdivision (c) of Section 10 of Article XVI of this Indenture, and proof of such



publication and mailing by the affidavit or affidavits of some person or persons having knowledge of the facts shall be filed with the Corporate Trustee, but failure to mail copies of such resolution as aforesaid shall not affect the validity thereof. No such bondholders' resolution shall be binding until and unless such bondholders' resolution is approved by resolution of the Board of Directors of the Company, of which such resolution of approval, if any, it shall be the duty of the Company, to file a copy certified by the Secretary or an Assistant Secretary of the Company with the Corporate Trustee, but if such resolution of the Board of Directors of the Company is adopted and a certified copy thereof is filed with the Corporate Trustee, the bondholders' resolution so adopted shall be deemed conclusively to be binding upon the Company, the Trustees and the holders of all bonds and coupons issued hereunder, at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such resolution, or annulling the action taken thereby in a legal action or equitable proceeding for such purposes commenced within such sixty (60) day period; provided that the Trustees during the pendency of any such action or proceeding or at any other time during such sixty day period shall be entitled in their absolute discretion to take such action or to refrain from taking any action with respect to such bondholders' resolution as they may deem expedient; and further provided that no such resolution of the bondholders, or of the Company, shall in any manner be so construed as to change or modify any of the rights, immunities or obligations of the Trustees or any of them without their written assent thereto. Nothing in this Article contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of bondholders or of any right expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustees, or any of them, or to the bondholders under any of the provisions of this Indenture or of the bonds.

SECTION 9. Bonds authenticated and delivered after the date of any bondholders' meeting may bear a notation in form approved



by the Corporate Trustee as to the action taken at meetings of bondholders theretofore held, and upon demand of the holder of any bond outstanding at the date of any such meeting and presentation of his bond for the purpose at the principal office of the Corporate Trustee, the Company shall cause suitable notation to be made on such bond by endorsement or otherwise as to any action taken at any meeting of bondholders theretofore held. If the Company or the Corporate Trustee shall so determine, new bonds so modified as in the opinion of the Corporate Trustee and the Board of Directors of the Company to conform to such bondholders' resolution shall be prepared, authenticated and delivered, and upon demand of the holder of any bond then outstanding and affected thereby shall be exchanged without cost to such bondholder for bonds then outstanding hereunder upon surrender of such bonds with all unmatured coupons appertaining thereto. The Company or the Corporate Trustee may require bonds outstanding to be presented for notation or exchange as aforesaid if either shall see fit to do so. Instruments supplemental to this Indenture embodying any modification or alteration of this Indenture or of any indenture supplemental hereto or of the rights and obligations of the Company or of the holders of the bonds and coupons made at any bondholders' meeting and approved by resolution of the Board of Directors of the Company, as aforesaid, may be executed by the Trustees and the Company and upon demand of the Corporate Trustee or if so specified in any resolution adopted by any such bondholders' meeting, shall be executed by the Company and the Trustees.

SECTION 10. Notwithstanding anything in this Article contained, the Company may at any time, or from time to time, by resolution of the Board of Directors filed with the Corporate Trustee, stipulate that from and after the date of the filing of such resolution with the Corporate Trustee, none of the provisions of this Article shall be of any force and effect whatever either as respects (1) all bonds theretofore authenticated and delivered by the Corporate Trustee hereunder and then outstanding and/or (2) as to any bonds and/or all bonds thereafter authenticated and delivered by the Corporate Trustee hereunder, and in any such event a supplemental indenture setting out in detail the stipulations contained in such resolution shall be made; provided that no such resolution may rescind or annul any modification or alteration effected under the provisions of this Article prior to the adoption of such resolution.

## ARTICLE XIX.

### Immunity of Subscribers to the Capital Stock, Stockholders, Officers and Directors.

Section 1. No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any bond or coupon hereby secured, or because of the creation of any indebtedness hereby secured, shall be had against any subscriber to the capital stock, incorporator, any past, present or future stockholder, officer or director of the Company, or of any predecessor or successor corporation, either directly or through the Company or through any such predecessor or successor corporation, or through any receiver, or a trustee in bankruptcy, whether by virtue of any constitution statute or rule of law by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Indenture, and the obligations hereby secured, are solely corporate obligations, and that no personal liability whatever shall attach to, or be incurred by, the subscribers, incorporators, stockholders, officers or directors of the Company, or of any successor corporation, or any of them, because of the incurring of the indebtedness hereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any of the bonds or coupons hereby secured, or implied therefrom; and that any and all personal liability of every name and nature of, and any and all rights and claims against, every such subscriber, incorporator, stockholder, officer or director, whether arising at common law or in equity, or created by statute or constitution, are expressly released



and waived as a condition of, and as part of the consideration of, the execution of this Indenture and the issue of the bonds and interest obligations secured hereby.

## ARTICLE XX.

### Miscellaneous.

Section 1. Nothing in this Indenture, expressed or implied, is intended or shall be construed, to confer upon, or to give to, any person or corporation, other than the parties hereto and the holders of the bonds outstanding hereunder, any right, remedy, or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons outstanding hereunder.

Section 2. Any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of this Indenture, whether such power, privilege or right is in any way restricted or is unrestricted, may be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any real property at the time subject to the lien hereof shall be situated. Such instrument, executed and acknowledged as aforesaid, shall be delivered to the Trustees and thereupon any modification of the provisions of these presents therein set forth, authorized by this Section shall be binding upon the parties hereto, their successors and assigns, and the holders of the bonds and coupons hereby secured.

Section 3. The Company and the Trustees may from time to time and at any time if by the Company deemed necessary or



advisable, enter into such indentures or agreements supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures or agreements shall thereafter form a part hereof) for one or more of the following purposes:

(a) To correct the description of any property hereby mortgaged or pledged or intended so to be; to assign, convey, mortgage, pledge, transfer and set over unto the Trustees, subject to such liens or other incumbrances as shall be therein specifically described, additional property or properties of the Company for the equal and proportionate benefit and security of the holders of all bonds at any time issued and outstanding under this Indenture, subject, however, to any provision of this Indenture or of any indenture or agreement supplemental hereto, relating to a sinking fund, or similar fund, for the benefit of the bonds of any particular series.

(b) To provide the terms and conditions of the issue of the bonds of any series not expressly provided for in this Indenture; provided that such terms and conditions of issue shall not be contrary to or inconsistent with the provisions of this Indenture.

(c) To provide the terms and conditions of the exchange of bonds of one series for bonds of another or other series.

(d) 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 of the Company, or into any other security whatsoever and the terms and conditions of such conversion.

(e) To provide for the creation of a sinking fund, or similar fund, for the purchase, redemption, acquisition or retirement in any manner, of all or any part of the bonds of any particular series or of all or any part of the bonds secured hereby.

(f) To evidence the succession of another corporation to the Company or successive successors and the assumption by



such successor corporation of the covenants and obligations of the Company under this Indenture.

(g) To add to the covenants and conditions hereof additional covenants or conditions thereafter to be observed by the Company or the Trustees for the purpose of incorporating herein any provision, covenant or condition required by the Trust Indenture Act of 1939 to be contained in an indenture qualified or to be qualified under said Act.

(h) For any other purpose not inconsistent with the terms of this Indenture or for the purpose of curing any error, or omission, or ambiguity, or defective provisions contained herein, or in any supplemental indenture.

Section 4. The terms and conditions contained in any supplemental indenture or agreement as to any provisions authorized to be contained therein under paragraphs (b), (c), (d) and (e) of the next preceding section may, if deemed necessary or advisable by the Corporate Trustee, be set forth in reasonable and customary manner in the bonds of the particular series to which said supplemental indenture or agreement shall apply. In case of the execution and delivery of any supplemental indenture or agreement, express reference may be made thereto in the text of the bonds of any series issued hereunder, if deemed necessary or advisable by the Corporate Trustee.

Section 5. In the event that any bond issued hereunder shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for the redemption thereof, or otherwise, or in the event that any coupon shall not be presented for payment at the due date thereof, the Company, having deposited with the Corporate Trustee, in trust for the purpose, or left with it if previously so deposited, funds sufficient to pay the principal of such bonds (and premium, if any), together with all interest due thereon to the date of the maturity of such bond or to the date fixed for the redemption thereof, or to pay such coupon, as the case may be, for the use and benefit of the holder thereof, then and in every such case, interest on said

161

bond or on said overdue coupon, and all liability of the Company to the holder of said bond for the payment of the principal thereof and interest thereon (and premium, if any), or to the holder of said overdue coupon for the payment thereof and interest thereon, as the case may be, shall forthwith cease, determine and be completely discharged subject to the provisions of the last sentence of this section; and thereupon it shall be the duty of the Corporate Trustee to hold the funds, so deposited in trust, for the benefit of the holder of such bond or overdue coupon, as the case may be, who shall thereafter, so long as the funds deposited or left on deposit for the payment thereof shall remain on deposit with the Corporate Trustee, be restricted exclusively to said funds for any claim of whatsoever nature on the part of such holder under this Indenture or on said bond or any coupons appertaining thereto, or on said overdue coupon.

In case the holder of any such bond or coupon shall not, within ten years after such bond or such coupon, as the case may be, shall have become due and payable, claim the amount deposited as above stated, for the payment thereof, the Corporate Trustee shall, upon demand, pay over to the Company such amount so deposited, if the Company is not at the time in default hereunder. The Trustees shall thereupon be relieved from all responsibility to the holder thereof and the Company shall be liable to the holder only to the extent of the funds so returned to it.

SECTION 6. In case the principal of any of the bonds shall not be punctually paid when due at maturity, whether by declaration or lapse of time, and/or in case any installment of interest thereon shall not be punctually paid when due, then upon deposit with or receipt by the Corporate Trustee of moneys sufficient to pay such overdue principal and/or such overdue installment or installments of interest thereon (together with moneys sufficient to pay interest due and to become due thereon up to the date when interest upon such overdue principal and/or installment or installments of interest shall cease as herein provided), interest on such overdue principal and/or installment or installments of interest thereon shall cease to accrue thirty (30) days after the date of the publication by the Company of a notice stating that said

162

moneys have been so deposited or received, in one daily newspaper of general circulation published in each city in which such principal or interest may have been made payable.

SECTION 7. Whenever under any of the provisions of this Indenture, the Company is required to deposit cash with the Trustees, or any of them, it shall have the right at the time of such deposit to specify that such cash is to be held by the Trustee with whom the deposit is made in trust for the particular purpose or purposes for which deposited.

SECTION 8. The Corporate Trustee shall, on the written request of the Company, cremate any bonds and/or coupons cancelled by the Corporate Trustee or surrendered to it for cancellation and make in duplicate a certificate of such cremation, retaining one such certificate and delivering the other to the Company and each such certificate shall be conclusive evidence of the payment and cancellation of the bonds and/or coupons therein mentioned for the purpose of release of this Indenture and for all other purposes whatsoever.

SECTION 9. All parties to this Indenture agree, and each holder or owner of any bond by his acceptance thereof shall be deemed to have agreed, that the court may in its discretion require in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustees for any action taken or omitted by them as Trustees, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided that the provisions of this Section shall not apply to any suit instituted by such Trustees, to any suit instituted by any bondholder, or group of bondholders, holding in the aggregate more than ten per cent. (10%) in principal amount of the bonds outstanding, or to any suit instituted by any bondholder for the enforcement of the payment

163

of the principal of or interest on any bond, on or after the respective due dates expressed in such bond.

SECTION 10. If any provision of this Indenture limits, qualifies, or conflicts with another provision of this Indenture required to be included in indentures qualified under the Trust Indenture Act of 1939 by any of Sections 310 to 317, inclusive, of the said Act, such required provision shall control.

In case any one or more of the provisions contained in this Indenture or in the bonds issued hereunder or coupons should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected, impaired, prejudiced or disturbed thereby.

SECTION 11. Whenever in this Indenture either of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Indenture contained by or on behalf of the Company or by or on behalf of the Trustees, or any of them, shall bind and enure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

The descriptive headings of the several Articles of this Indenture were formulated, used and inserted in this Indenture for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

SECTION 12. Wherever, under any provision of this Indenture, successive publications of any nature in a daily newspaper published in a named place are required or authorized, all of such successive publications may be made in the same newspaper or in different newspapers published in that place.

SECTION 13. This Indenture may be simultaneously executed in several counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

164

## PART IV.

All recitals and provisions of the Original Indenture other than Articles I to XIV, both inclusive, thereof shall remain in full force and effect, except as hereby modified or amended, and also all recitals, covenants, conditions and provisions of the Supplemental Indenture dated as of May 1, 1940 creating the series of bonds designated First Mortgage Bonds, 4% Series due May 1, 1970 shall remain in full force and effect, but additions to the covenants and restrictions of the Original Indenture or modifications or amendments thereof (except in so far as they may have constituted conveyances of additional property to the trustee and except further that the provisions applicable to presentment, payment and redemption of bonds issued thereunder shall remain in full force and effect until such bonds are surrendered and paid) made by any indenture supplemental thereto other than the Supplemental Indenture dated as of May 1, 1940 creating the series of Bonds designated "First Mortgage Bonds, 4% Series due May 1, 1970" and this Supplemental Indenture, dated May 2, 1940, shall have no force or effect whatsoever hereafter.

## PART V.

The Company covenants that subsequently to the date of the actual execution and delivery hereof and the issue under the Original Indenture of $10,000,000 aggregate principal amount of First Mortgage Bonds, 4%, Series due May 1, 1970, it will not apply for or permit the issue of any bonds, (exclusive of bonds which may be issued upon transfer of or in exchange for other bonds previously issued or in lieu of bonds lost, stolen, destroyed or mutilated as provided in Article II hereof) under the Original Indenture as heretofore or hereby amended, or otherwise, under the Original Indenture, until after January 1, 1941 the last redemption date of the two series of bonds to be redeemed as hereinabove recited.

165

## PART VI.

This Supplemental Indenture is dated for convenience May 2, 1940, although actually executed and delivered on the 22nd day of July, 1940.

In Witness Whereof, Iowa Southern Utilities Company of Delaware has caused its corporate name and seal to be hereunto affixed and this Supplemental Indenture to be signed by its President or a Vice President and attested by its Secretary or an Assistant Secretary for and in its behalf, and The Northern Trust Company to evidence its acceptance of the Trust hereby created has caused its corporate name and seal to be hereunto affixed and this Supplemental Indenture to be signed by its President or a Vice President and attested by its Secretary or an Assistant Secretary for and in its behalf, and said Sheldon A. Weaver to evidence his acceptance of the Trust hereby created has hereunto set his hand and seal, all as of the day and year first above written.

Iowa Southern Utilities Company of Delaware,

By Edward L. Shutts,
*President.*

Attest:

Harold R. Bechtel,
*Secretary.*

(Corporate Seal)

Witnesses as to Iowa Southern Utilities Company of Delaware:

William A. Todd
Fred J. Pohl

166

The Northern Trust Company,

By Wm. S. Miller,
*Vice-President.*

(Corporate Seal)

Attest:

W. H. Bell,
*Assistant Secretary.*

Witnesses as to The Northern Trust Company:

Thomas H. Jolls
R. H. Bradley

Sheldon A. Weaver
Sheldon A. Weaver

Witnesses as to Sheldon A. Weaver:

William A. Todd
Fred J. Pohl

167

State of New York, }
County of New York, } ss.:

Be it known, that on this 22nd day of July, A. D. 1940, before me, a Notary Public in and for said County and State, duly commissioned and qualified, personally appeared Edward L. Shutts, President, and Harold R. Bechtel, Secretary, of Iowa Southern Utilities Company of Delaware, the corporation described in and which executed the foregoing instrument, to me personally known and known to me to be such President and Secretary and to be the same persons who executed the foregoing instrument for and on behalf of said Iowa Southern Utilities Company of Delaware, and whose names are subscribed thereunto, and who being by me duly sworn, severally acknowledged that they signed, sealed, executed and delivered said instrument as such President and Secretary, respectively, as and for their free and voluntary act and deed and as and for the free and voluntary act and deed of said Iowa Southern Utilities Company of Delaware, for the uses and purposes therein set forth, and they and each of them did depose and say that they were respectively the President and Secretary of said Iowa Southern Utilities Company of Delaware; that they knew the corporate seal of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and the said Edward L. Shutts and Harold R. Bechtel acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

I further hereby certify that said instrument was signed by said Edward L. Shutts and Harold R. Bechtel in my presence and in the presence of the subscribing witnesses.

In testimony whereof, I have hereunto set my hand and affixed my official seal the day and year first in this my certificate written.

John Bruehwiler
*Notary Public.*

(Notarial Seal)

My commission expires: March 30, 1941.

John Bruehwiler
Notary Public, Kings County
Kings Co. Clk's No. 498, Reg. No. 1011
N. Y. Co. Clk's No. 43, Reg. No. 1-B-34
Commission Expires March 30, 1941

168

State of Illinois, }
County of Cook, } ss.:

Be it known, that on this 22nd day of July, A. D. 1940, before me, a Notary Public in and for said County and State, duly commissioned and qualified, personally appeared Wm. S. Miller, Vice President, and W. H. Bell, Assistant Secretary of The Northern Trust Company, the corporation described in and which executed the foregoing instrument, to me personally known and known to me to be such Vice President and Assistant Secretary, and to be the same persons who executed the foregoing instrument for and on behalf of said The Northern Trust Company, and whose names are subscribed thereunto, and who being by me duly sworn, severally acknowledged that they signed, sealed, executed and delivered said instrument as such Vice President and Assistant Secretary, respectively, as and for their free and voluntary act and deed and as and for the free and voluntary act and deed of the said The Northern Trust Company, for the uses and purposes therein set forth, and they and each of them did depose and say that they were respectively the Vice President and Assistant Secretary of said The Northern Trust Company; that they knew the corporate seal of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and the said Wm. S. Miller and W. H. Bell acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

I hereby further certify that said instrument was signed by said Wm. S. Miller and W. H. Bell in my presence and in the presence of the subscribing witnesses.

In testimony whereof, I have hereunto set my hand and affixed my official seal the day and year first in this my certificate written.

Arthur A. Johnson
*Notary Public.*

(Notarial Seal)

My commission expires: May 10, 1941.

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

BE IT KNOWN, that on this 22nd day of July, A. D., 1940, before me, a Notary Public in and for said County and State, duly commissioned and qualified, personally appeared SHELDON A. WEAVER, one of the Trustees mentioned in the foregoing instrument, personally known to me to be the same person whose name is subscribed to the foregoing instrument, who being by me duly sworn, did say that as such Trustee he signed, sealed, executed and delivered the said instrument as his free and voluntary act and deed, for the uses and purposes therein set forth.

I further certify that said instrument was signed by said Sheldon A. Weaver in my presence and in the presence of the subscribing witnesses.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first in this my certificate written.

JOHN BRUEHWILER
*Notary Public.*

(Notarial Seal)

My commission expires: March 30, 1941.

JOHN BRUEHWILER
Notary Public, Kings County
Kings Co. Clk's No. 498, Reg. No. 1011
N. Y. Co. Clk's No. 43, Reg. No. 1-B-34
Commission Expires March 30, 1941

COMPARED