

3144

COMPARED

SUPPLEMENTAL INDENTURE

IOWA POWER AND LIGHT COMPANY

TO

HARRIS TRUST AND SAVINGS BANK

AND

HAROLD ECKHART
TRUSTEES

DATED AS OF AUGUST 1, 1943

CREATING AN ISSUE OF FIRST MORTGAGE BONDS,
3½% SERIES DUE 1973

SUPPLEMENTAL TO INDENTURE OF MORTGAGE AND DEED OF TRUST
DATED AS OF AUGUST 1, 1943

#3144

*For deed of Release
see mtg Rec 142-205
filed Mar 19, 1985*

STATE OF IOWA

MONROE COUNTY

Filed for record this 2 day of September

A. D. 1943 at 3:58 o'clock P. M.

Recorded in book 94B on page 1 to 40

Pearl E. Shetterly Recorder:

Deputy

THE TWENTIETH CENTURY PRESS, INC., CHICAGO

*For deed of Release
see mtg Rec 139-322
filed Jan 5, 1984*

Fee \$15.40

43 pgs

IV
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THIS SUPPLEMENTAL INDENTURE, dated as of the first day of August in the year one thousand nine hundred and forty-three (1943), between IOWA POWER AND LIGHT COMPANY, a corporation duly organized and existing under and by virtue of the laws of the State of Iowa (hereinafter called the "Company"), party of the first part, and HARRIS TRUST AND SAVINGS BANK, a corporation duly organized and existing under and by virtue of the laws of the State of Illinois, having its principal place of business in the City of Chicago, Illinois (hereinafter called the "Trustee"), and HAROLD ECKHART, of Chicago, Illinois (hereinafter called the "Individual Trustee"), as Trustees under the Indenture hereinafter mentioned, parties of the second part (the Trustee and Individual Trustee being hereinafter together referred to as the "Trustees");

WITNESSETH :

WHEREAS, simultaneously with the execution and delivery of this Supplemental Indenture, the Company has executed and delivered to the Trustees an Indenture of Mortgage and Deed of Trust (hereinafter called the "Indenture"), dated as of August 1, 1943, to secure the Company's First Mortgage Bonds, unlimited in aggregate principal amount except as therein otherwise provided; and

WHEREAS, the Company desires in and by this Supplemental Indenture to create the initial series of bonds to be issued under the Indenture, to designate or otherwise distinguish such series, to specify the particulars necessary to describe and define the same, and to specify such other provisions and agreements in respect thereof as are in said Indenture provided or permitted; and

WHEREAS, all the conditions and requirements necessary to make this Supplemental Indenture, when duly executed and delivered, a valid, binding and legal instrument in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery of this Supplemental Indenture in the form and with the terms hereof have in all respects been duly authorized;

Now, THEREFORE, in consideration of the premises and in further consideration of the sum of One Dollar in lawful money of the United States, paid to the Company by the Trustees, at or before the execution and delivery of this Supplemental Indenture, the receipt whereof is hereby acknowledged, and of other good and valuable considerations, it is agreed by and between the Company and the Trustees as follows:

ARTICLE I.

FIRST MORTGAGE BONDS, 3¼% SERIES DUE 1973.

SECTION 1. There is hereby created an initial series of bonds to be issued under and secured by the Indenture, to be designated, distinguished and known as "First Mortgage Bonds, 3¼% Series due 1973" of the Company (herein called "bonds of 3¼% Series"). Bonds of 3¼% Series may be issued without limitation as to aggregate principal amount except as provided in the Indenture and in this Supplemental Indenture. The coupon bonds of 3¼% Series shall be dated August 1, 1943, and the registered bonds without coupons of said series shall be dated as of the interest payment date next preceding the authentication thereof by the Trustee (except that if any such registered bond be authenticated before February 1, 1944, it shall be dated August 1, 1943, and except that if any such registered bond shall be authenticated on an interest payment date it shall be dated as of such interest date and except that if the Company shall at the time of the issue or transfer of a registered bond be in default in the payment of interest upon the bonds of 3¼% Series, such registered bond shall be dated as of the date of the beginning of the period for which such interest is so in default); all bonds of 3¼% Series shall mature August 1, 1973; the principal of and interest on the bonds of 3¼% Series shall be payable in lawful money of the United States of America; the place where such principal shall be payable shall be the principal office of the Trustee in the City of Chicago, Illinois, and the place where such interest shall be payable shall be the office or agency of the Company in said City of Chicago, Illinois, or, at the

option of the holder, the office or agency of the Company in the Borough of Manhattan, The City of New York, New York; the rate of interest shall be three and one-quarter per cent ($3\frac{1}{4}\%$) per annum, payable semi-annually on the first days of February and August; and the terms of redemption shall be as referred to in Section 2 of this Article I.

SECTION 2. The bonds of $3\frac{1}{4}\%$ Series shall be redeemable prior to maturity, either at the option of the Company in whole at any time or in part from time to time, or through the operation of the Sinking Fund provided for in Article III hereof in part on August 1, 1954, and on each August 1 thereafter prior to maturity, on notice given in the manner and with the effect provided in Article IV of the Indenture and as in this Section 2 provided.

The redemption prices of bonds of $3\frac{1}{4}\%$ Series redeemed at the option of the Company shall be the following percentages of the principal amount thereof:

IF REDEEMED DURING TWELVE MONTHS' PERIOD BEGINNING					
August 1	Percentage	August 1	Percentage	August 1	Percentage
1943.....	112 $\frac{3}{8}$	1953.....	108 $\frac{1}{2}$	1963.....	104 $\frac{3}{8}$
1944.....	112 $\frac{1}{8}$	1954.....	108 $\frac{1}{4}$	1964.....	104
1945.....	111 $\frac{7}{8}$	1955.....	107 $\frac{7}{8}$	1965.....	103 $\frac{5}{8}$
1946.....	111 $\frac{5}{8}$	1956.....	107 $\frac{1}{2}$	1966.....	103 $\frac{1}{4}$
1947.....	111 $\frac{1}{4}$	1957.....	107 $\frac{1}{8}$	1967.....	102 $\frac{3}{4}$
1948.....	111	1958.....	106 $\frac{3}{4}$	1968.....	102 $\frac{3}{8}$
1949.....	110 $\frac{5}{8}$	1959.....	106 $\frac{1}{2}$	1969.....	102
1950.....	110 $\frac{3}{8}$	1960.....	106	1970.....	101 $\frac{1}{2}$
1951.....	110	1961.....	105 $\frac{5}{8}$	1971.....	101
1952.....	109 $\frac{5}{8}$	1962.....	105 $\frac{1}{4}$	1972.....	100

in each case plus accrued interest to the redemption date.

The redemption prices of bonds of $3\frac{1}{4}\%$ Series redeemed for the Sinking Fund provided for in Article III hereof shall be the following percentages of the principal amount thereof:

IF REDEEMED ON					
August 1	Percentage	August 1	Percentage	August 1	Percentage
1954.....	106 $\frac{5}{8}$	1961.....	104 $\frac{5}{8}$	1968.....	102 $\frac{1}{8}$
1955.....	106 $\frac{3}{8}$	1962.....	104 $\frac{1}{4}$	1969.....	101 $\frac{3}{4}$
1956.....	106 $\frac{1}{8}$	1963.....	104	1970.....	101 $\frac{3}{8}$
1957.....	105 $\frac{7}{8}$	1964.....	103 $\frac{5}{8}$	1971.....	100 $\frac{7}{8}$
1958.....	105 $\frac{1}{2}$	1965.....	103 $\frac{1}{4}$	1972.....	100
1959.....	105 $\frac{1}{4}$	1966.....	102 $\frac{7}{8}$		
1960.....	105	1967.....	102 $\frac{1}{2}$		

in each case plus accrued interest to the redemption date.

In case the Company shall at any time elect to redeem all or any part of the bonds of 3 $\frac{1}{4}$ % Series, it shall give notice to the effect that it has elected to redeem all or a part thereof, as the case may be, on a date therein designated, specifying in case of redemption of a part of the bonds of 3 $\frac{1}{4}$ % Series the distinctive numbers of the bonds to be redeemed, and in every case stating in substance that on said date there will become and be due and payable upon each bond so to be redeemed, at the principal office of the Trustee in the City of Chicago, Illinois, the redemption price thereof (or portion thereof in the case of partial redemption of a registered bond without coupons) hereinbefore in this Section 2 specified for bonds redeemed at the option of the Company, and that on and after such date interest thereon will cease to accrue.

Such notice, in case of redemption of bonds at the option of the Company, shall be published in one authorized Chicago newspaper and in one authorized New York newspaper at least once in each week for four successive calendar weeks, the first publication to be made at least thirty and not more than forty-five days before the date fixed for redemption, and shall also be mailed by the Company, postage prepaid, at least thirty and not more than forty-five days prior to such date of redemption, to the holders of all coupon bonds at the time registered as to principal and of all registered bonds without coupons to be so redeemed, at the addresses that shall appear upon the registers thereof.

No failure to mail any such notice and no defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any of the bonds so to be redeemed.

Notice of redemption of bonds redeemed through the operation of the Sinking Fund shall be given as provided in Section 2 of Article III hereof.

SECTION 3. The bonds of $3\frac{1}{4}\%$ Series shall be coupon bonds registerable as to principal and registered bonds without coupons.

Coupon bonds of $3\frac{1}{4}\%$ Series shall be issued in the denomination of \$1,000 each, numbered consecutively from "M1" upward.

Registered bonds of $3\frac{1}{4}\%$ Series without coupons may be issued in denominations of \$1,000, numbered consecutively from "R-M-1" upward, \$5,000 numbered consecutively from "R-V-1" upward and in multiples of \$5,000 appropriately numbered.

The forms of the coupon bonds of $3\frac{1}{4}\%$ Series and of the coupons thereto attached shall be substantially as follows:

[FORM OF COUPON BOND]

IOWA POWER AND LIGHT COMPANY

FIRST MORTGAGE BOND, $3\frac{1}{4}\%$ SERIES DUE 1973.

Due August 1, 1973.

No.....

\$1,000

IOWA POWER AND LIGHT COMPANY (hereinafter called the "Company"), a corporation of the State of Iowa, for value received, hereby promises to pay to bearer, or, if this bond be registered as to principal, to the registered owner hereof, on August 1, 1973, at the principal office of the Trustee hereinafter named, in the City of Chicago, Illinois, or at the principal office of any successor in trust, the sum of One Thousand Dollars (\$1,000) in lawful money of the United States of America, and to pay interest thereon from August 1, 1943, at the rate of three and one-quarter per cent ($3\frac{1}{4}\%$) per annum, in like lawful money, payable semi-annually at the office or agency of the Company in the City of Chicago, Illinois, or, at the option of the holder, at the office or agency of the Company in the Borough of Manhattan,

The City of New York, New York, on the first day of February and on the first day of August in each year until the Company's obligation with respect to the payment of such principal sum shall be discharged as provided in the indentures hereinafter mentioned, but only, in the case of interest due on or before the maturity date, upon presentation and surrender of the interest coupons therefor hereto attached as they severally mature.

This bond is one, of the series hereinafter specified, of the bonds of the Company (herein called the "bonds") known as its "First Mortgage Bonds," issued and to be issued in one or more series under, and all equally and ratably secured by, an Indenture of Mortgage and Deed of Trust dated as of August 1, 1943, duly executed by the Company to Harris Trust and Savings Bank (herein called the "Trustee"), and Harold Eckhart, as Trustees, to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the bonds are, and are to be, issued and secured, and the rights of the bearers or registered owners of the bonds and of the Trustees in respect of such security. As provided in said Indenture, said bonds may be for various principal sums and are issuable in series, which may mature at different times, may bear interest at different rates and may otherwise vary as therein provided; and this bond is one of a series entitled "First Mortgage Bonds, 3 $\frac{1}{4}$ % Series due 1973," created by a Supplemental Indenture dated as of August 1, 1943, as provided for in said Indenture.

To the extent permitted by said Indenture, modifications or alterations of said Indenture or of any indenture supplemental thereto and of the rights and obligations of the Company and of the bearers or registered owners of the bonds and coupons may be made, and compliance with said Indenture or any such supplemental indenture may be waived, with the consent of the Company, by an affirmative vote of the bearers or registered owners of not less than sixty-six and two-thirds per cent (66 $\frac{2}{3}$ %) in principal amount of the bonds entitled to vote at a meeting of bondholders called and held as provided in said Indenture and by an affirmative vote of not less than sixty-six and two-thirds per cent (66 $\frac{2}{3}$ %) in principal amount of the bonds entitled to vote of each series affected by such modification or alteration or waiver in case one or more, but less than all, of the series of bonds then outstanding under said Indenture are so affected; provided, however,

that no such modification or alteration or waiver shall be made which will (a) affect the terms of payment of the principal of, or interest or premium on, this bond, or the right of any bondholder to institute suit for the enforcement of any such payment on or after the respective due dates expressed in this bond or in the coupons pertaining hereto, or (b) otherwise than as permitted by said Indenture, permit the creation by the Company of any mortgage lien ranking prior to or on a parity with the lien of said Indenture or of any indenture supplemental thereto, with respect to any property covered thereby, or give to any bond or bonds secured by said Indenture any preference over any other bond or bonds so secured, or deprive any bondholder of the security afforded by the lien of said Indenture, or (c) reduce the percentage in principal amount of the bonds required to authorize or consent to any such modification or alteration or waiver; all as more fully provided in said Indenture.

The First Mortgage Bonds, 3¼% Series due 1973, may be redeemed at the option of the Company in whole at any time, or in part from time to time, at the following percentages of the principal amount thereof:

IF REDEEMED DURING TWELVE MONTHS' PERIOD BEGINNING

August 1	Percentage	August 1	Percentage	August 1	Percentage
1943.....	112¾	1953.....	108½	1963.....	104¾
1944.....	112¼	1954.....	108¼	1964.....	104
1945.....	111¾	1955.....	107¾	1965.....	103⅝
1946.....	111⅝	1956.....	107½	1966.....	103¼
1947.....	111¼	1957.....	107¼	1967.....	102¾
1948.....	111	1958.....	106¾	1968.....	102⅝
1949.....	110⅝	1959.....	106½	1969.....	102
1950.....	110¾	1960.....	106	1970.....	101½
1951.....	110	1961.....	105⅝	1971.....	101
1952.....	109⅝	1962.....	105¼	1972.....	100

in each case plus accrued interest to the date of redemption.

The First Mortgage Bonds, 3¼% Series due 1973, are entitled to the benefit of a Sinking Fund, the terms and provisions of which are set forth in said Supplemental Indenture and, as provided therein, are subject to redemption through the operation of said Sinking Fund in part from time to time on August 1, 1954, and on each August 1 thereafter prior to maturity, at the following percentages of the principal amount thereof:

IF REDEEMED ON

August 1	Percentage	August 1	Percentage	August 1	Percentage
1954.....	106 $\frac{5}{8}$	1961.....	104 $\frac{5}{8}$	1968.....	102 $\frac{1}{8}$
1955.....	106 $\frac{3}{8}$	1962.....	104 $\frac{1}{4}$	1969.....	101 $\frac{3}{4}$
1956.....	106 $\frac{1}{8}$	1963.....	104	1970.....	101 $\frac{3}{8}$
1957.....	105 $\frac{7}{8}$	1964.....	103 $\frac{5}{8}$	1971.....	100 $\frac{7}{8}$
1958.....	105 $\frac{1}{2}$	1965.....	103 $\frac{1}{4}$	1972.....	100
1959.....	105 $\frac{1}{4}$	1966.....	102 $\frac{7}{8}$		
1960.....	105	1967.....	102 $\frac{1}{2}$		

in each case plus accrued interest to the date of redemption.

Notice of any redemption of bonds to be redeemed at the option of the Company shall be given by publication once in each of four successive calendar weeks in two daily newspapers printed in the English language, one published and of general circulation in the City of Chicago, Illinois, and the other published and of general circulation in the Borough of Manhattan, The City of New York, New York, the first publication to be at least thirty and not more than forty-five days prior to the redemption date, and notice of any redemption of bonds to be redeemed through the operation of the Sinking Fund shall be given by similar publication once in each of two successive calendar weeks, the first of said publications to be at least fifteen and not more than thirty days prior to the redemption date; all subject to the conditions set forth and as more fully provided in said Indenture and in said Supplemental Indenture. Said Indenture and said Supplemental Indenture provide, among other things, that notice of redemption having been duly given, the bonds called for redemption shall become due and payable upon the redemption date and, if the redemption price shall have been duly deposited with the Trustee, interest thereon shall cease to accrue on and after the redemption date, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given or provision therefor made as provided in said Indenture, such bonds shall no longer be entitled to any lien or benefit of said Indenture.

In the event that any bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise or at the date fixed for the redemption thereof, or in the event

that any coupon shall not be presented for payment at the due date thereof, and the Company shall have on deposit with the Trustee in trust for the purpose, on the date when such bond or coupon is so due, funds sufficient to pay the principal of such bond (and premium, if any), together with all interest due thereon to the date of 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 bearer or registered owner thereof, then all liability of the Company to the bearer or registered owner of said bond for the payment of the principal thereof and interest thereon (and premium, if any), or to the holder of said matured coupon for the payment thereof, as the case may be, shall forthwith cease, determine and be completely discharged and such bearer or registered owner or holder shall no longer be entitled to any lien or benefit of said Indenture.

In case an event of default as defined in said Indenture shall occur, the principal of this bond may become or be declared due and payable in the manner, with the effect, and subject to the conditions provided in said Indenture.

This bond is transferable by delivery unless registered as to principal on the books of the Company to be kept for that purpose at the principal office of the Trustee in the City of Chicago, Illinois, upon the payment of charges as provided in said Supplemental Indenture, such registration to be noted hereon. After such registration, no transfer shall be valid unless made upon said books by the registered owner in person, or by attorney duly authorized, and similarly noted hereon; but this bond may be discharged from registration by being in like manner transferred to bearer upon the payment of such charges, and thereupon transferability by delivery shall be restored, after which this bond may again from time to time be registered or made transferable to bearer as before. Such registration, however, shall not affect the negotiability of the coupons for interest hereto attached, which shall always be payable to bearer and transferable by delivery merely, and payment to the bearer thereof shall fully discharge the Company in respect of the interest therein mentioned, whether or not this bond be registered as to principal and whether or not any such coupons shall have matured.

In the manner and upon payment of the charges provided in said Supplemental Indenture, coupon bonds of this series may, at the option of the holders and upon surrender at said office, be exchanged for registered bonds without coupons of this series of the same aggre-

gate principal amount in any authorized denominations; and in like manner and upon payment of like charges, registered bonds without coupons of this series may, at the option of the registered owners and upon surrender at said office, be exchanged either for registered bonds without coupons of this series of the same aggregate principal amount in larger or smaller authorized denominations, or for coupon bonds of this series of the same aggregate principal amount, in the denomination of \$1,000 each, with all unmatured coupons attached.

No recourse shall be had for the payment of the principal of, or the interest on, this bond, or for any claim based hereon or otherwise in respect hereof or of said Indenture or any indenture supplemental thereto, against any incorporator, or against any stockholder, director or officer, past, present or future, of the Company, as such, or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, 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, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stockholders, directors or officers being waived and released by every bearer or registered owner hereof by the acceptance of this bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of said Indenture.

Neither this bond nor any of the annexed interest coupons shall be valid or become obligatory for any purpose unless and until the certificate endorsed hereon shall have been executed by the Trustee or its successor in trust under said Indenture.

IN WITNESS WHEREOF, IOWA POWER AND LIGHT COMPANY has caused this bond to be signed in its name by its President or one of its Vice-Presidents, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries, and coupons for said interest bearing the facsimile signature of its Treasurer to be hereunto attached, as of August 1, 1943.

IOWA POWER AND LIGHT COMPANY,

By.....
President.

Attest:

.....
Secretary.

[FORM OF INTEREST COUPON]

No.....

\$16.25

On the day of, 19..., unless the bond hereinafter mentioned shall have been duly called for previous redemption and payment duly provided therefor, upon surrender of this coupon, Iowa Power and Light Company will pay to bearer, at its office or agency in the City of Chicago, Illinois, or, at the option of bearer, at its office or agency in the Borough of Manhattan, The City of New York, New York, Sixteen Dollars and Twenty-Five Cents (\$16.25) in lawful money of the United States of America, being six months' interest then due on its First Mortgage Bond, 3¼% Series due 1973, No.....

.....
Treasurer.

The form of registered bonds of 3¼% Series without coupons shall be substantially as follows:

[FORM OF REGISTERED BOND WITHOUT COUPONS]

IOWA POWER AND LIGHT COMPANY
 FIRST MORTGAGE BOND, 3¼% SERIES DUE 1973.
 Due August 1, 1973.

No.

\$.....

IOWA POWER AND LIGHT COMPANY (hereinafter called the "Company"), a corporation of the State of Iowa, for value received, hereby promises to pay to or registered assigns, on August 1, 1973, at the principal office of the Trustee hereinafter named, in the City of Chicago, Illinois, or at the principal office of any successor in trust, the sum of Dollars (\$.) in lawful money of the United States of America, and to pay interest thereon from the date hereof at the rate of three and one-quarter per cent (3¼%) per annum, in like lawful money, payable semi-annually at the office or agency of the Company in the City of Chicago, Illinois, or, at the option of the registered owner, at the office or agency of the Company in the Borough of Manhattan, The City of New York, New York, on the first day of February and on the first day of August in each year until the Company's obligation with respect to the payment of such principal sum shall be discharged as provided in the indentures hereinafter mentioned.

This bond is one, of the series hereinafter specified, of the bonds of the Company (herein called the "bonds") known as its "First Mortgage Bonds," issued and to be issued in one or more series under, and all equally and ratably secured by, an Indenture of Mortgage and Deed of Trust dated as of August 1, 1943, duly executed by the Company to Harris Trust and Savings Bank (herein called the "Trustee"), and Harold Eckhart, as Trustees, to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the bonds are, and are to be, issued and secured, and the rights of the bearers or registered owners of the bonds and of the Trustees in respect of such security. As provided in said Indenture, said bonds may be for various principal sums and are issuable in series, which may mature at different times, may bear interest at different rates and may otherwise vary as therein provided; and this bond is one of a series entitled "First Mortgage Bonds, 3¼% Series due 1973," created by a Supplemental Indenture dated as of August 1, 1943, as provided for in said Indenture.

To the extent permitted by said Indenture, modifications or alterations of said Indenture or of any indenture supplemental thereto and of the rights and obligations of the Company and of the bearers or registered owners of the bonds and coupons may be made, and compliance with said Indenture or any such supplemental indenture may be waived, with the consent of the Company, by an affirmative vote of the bearers or registered owners of not less than sixty-six and two-thirds per cent (66⅔%) in principal amount of the bonds entitled to vote at a meeting of bondholders called and held as provided in said Indenture and by an affirmative vote of not less than sixty-six and two-thirds per cent (66⅔%) in principal amount of the bonds entitled to vote of each series affected by such modification or alteration or waiver in case one or more, but less than all, of the series of bonds then outstanding under said Indenture are so affected; provided, however, that no such modification or alteration or waiver shall be made which will (a) affect the terms of payment of the principal of, or interest or premium on, this bond, or the right of any bondholder to institute suit for the enforcement of any such payment on or after the respective due dates expressed in this bond, or (b) otherwise than as permitted by said Indenture, permit the creation by the Company of any mortgage lien ranking prior to or on a parity with the lien of said Indenture or of any indenture supplemental thereto, with respect to any property covered thereby, or give to any bond or bonds secured by said Indenture any

preference over any other bond or bonds so secured, or deprive any bondholder of the security afforded by the lien of said Indenture, or (c) reduce the percentage in principal amount of the bonds required to authorize or consent to any such modification or alteration or waiver; all as more fully provided in said Indenture.

The First Mortgage Bonds, 3¼% Series due 1973, may be redeemed at the option of the Company in whole at any time, or in part from time to time, at the following percentages of the principal amount thereof:

IF REDEEMED DURING TWELVE MONTHS' PERIOD BEGINNING

August 1	Percentage	August 1	Percentage	August 1	Percentage
1943.....	112¾	1953.....	108½	1963.....	104¾
1944.....	112¾	1954.....	108¼	1964.....	104
1945.....	111⅞	1955.....	107⅞	1965.....	103⅝
1946.....	111⅝	1956.....	107½	1966.....	103¼
1947.....	111¼	1957.....	107⅛	1967.....	102¾
1948.....	111	1958.....	106¾	1968.....	102⅝
1949.....	110⅝	1959.....	106½	1969.....	102
1950.....	110⅜	1960.....	106	1970.....	101½
1951.....	110	1961.....	105⅝	1971.....	101
1952.....	109⅝	1962.....	105¼	1972.....	100

in each case plus accrued interest to the date of redemption.

The First Mortgage Bonds, 3¼% Series due 1973, are entitled to the benefit of a Sinking Fund, the terms and provisions of which are set forth in said Supplemental Indenture and, as provided therein, are subject to redemption through the operation of said Sinking Fund in part from time to time on August 1, 1954, and on each August 1 thereafter prior to maturity, at the following percentages of the principal amount thereof:

IF REDEEMED ON

August 1	Percentage	August 1	Percentage	August 1	Percentage
1954.....	106⅝	1961.....	104⅝	1968.....	102⅛
1955.....	106⅜	1962.....	104¼	1969.....	101¾
1956.....	106⅛	1963.....	104	1970.....	101⅜
1957.....	105⅞	1964.....	103⅝	1971.....	100⅞
1958.....	105½	1965.....	103¼	1972.....	100
1959.....	105¼	1966.....	102⅞		
1960.....	105	1967.....	102½		

in each case plus accrued interest to the date of redemption.

Notice of any redemption of bonds to be redeemed at the option of the Company shall be given by publication once in each of four successive calendar weeks in two daily newspapers printed in the English language, one published and of general circulation in the City of Chicago, Illinois, and the other published and of general circulation in the Borough of Manhattan, The City of New York, New York, the first publication to be at least thirty and not more than forty-five days prior to the redemption date, and notice of any redemption of bonds to be redeemed through the operation of the Sinking Fund shall be given by similar publication once in each of two successive calendar weeks, the first of said publications to be at least fifteen and not more than thirty days prior to the redemption date; all subject to the conditions set forth and as more fully provided in said Indenture and in said Supplemental Indenture. Said Indenture and said Supplemental Indenture provide, among other things, that notice of redemption having been duly given, the bonds called for redemption shall become due and payable upon the redemption date and, if the redemption price shall have been duly deposited with the Trustee, interest thereon shall cease to accrue on and after the redemption date, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given or provision therefor made as provided in said Indenture, such bonds shall no longer be entitled to any lien or benefit of said Indenture.

In the event that any bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise or at the date fixed for the redemption thereof, or in the event that any coupon shall not be presented for payment at the due date thereof, and the Company shall have on deposit with the Trustee in trust for the purpose, on the date when such bond or coupon is so due, funds sufficient to pay the principal of such bond (and premium, if any), together with all interest due thereon to the date of 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 bearer or registered owner thereof, then all liability of the Company to the bearer or registered owner of said bond for the payment of the principal thereof and interest thereon (and premium, if any), or to the holder of said matured coupon for the payment thereof, as the case may be, shall forthwith cease, determine and be completely discharged and such bearer or registered owner or holder shall no longer be entitled to any lien or benefit of said Indenture.

In case an event of default as defined in said Indenture shall occur, the principal of this bond may become or be declared due and payable in the manner, with the effect, and subject to the conditions provided in said Indenture.

This bond is transferable by the registered owner hereof in person, or by attorney duly authorized in writing, at the principal office of the Trustee in the City of Chicago, Illinois, upon surrender and cancellation of this bond and upon the payment of charges as provided in said Supplemental Indenture, and upon any such transfer a new registered bond without coupons of the same series for the same aggregate principal amount will be issued to the transferee in exchange herefor.

In the manner and upon payment of the charges provided in said Supplemental Indenture, registered bonds without coupons of this series may, at the option of the registered owners and upon surrender at said office, be exchanged either for registered bonds without coupons of this series of the same aggregate principal amount in larger or smaller authorized denominations, or for coupon bonds of this series of the same aggregate principal amount, in the denomination of \$1,000 each, with all unmatured coupons attached.

No recourse shall be had for the payment of the principal of, or the interest on, this bond, or for any claim based hereon or otherwise in respect hereof or of said Indenture or any indenture supplemental thereto, against any incorporator, or against any stockholder, director or officer, past, present or future, of the Company, as such, or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, 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, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stockholders, directors or officers being waived and released by every owner hereof by the acceptance of this bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of said Indenture.

This bond shall not be valid or become obligatory for any purpose, unless and until the certificate endorsed hereon shall have been executed by the Trustee or its successor in trust under said Indenture.

IN WITNESS WHEREOF, IOWA POWER AND LIGHT COMPANY has caused this bond to be signed in its name by its President or one of its Vice-

Presidents, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries, as of the day of, 19.....

IOWA POWER AND LIGHT COMPANY,

By.....
President.

Attest:

.....
Secretary.

The form of Trustee's certificate to be endorsed on all bonds of 3¼% Series shall be substantially as follows:

[FORM OF TRUSTEE'S CERTIFICATE]

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

HARRIS TRUST AND SAVINGS BANK,
as Trustee,

By.....
Authorized Officer.

SECTION 4. Bonds of 3¼% Series shall be exchangeable as follows:

(a) Registered bonds without coupons may, at the option of the registered owners thereof and upon surrender thereof at the principal office of the Trustee in the City of Chicago, Illinois, be exchanged for registered bonds without coupons of the same aggregate principal amount but of different authorized denomination or denominations.

(b) Coupon bonds may, at the option of the holders thereof and upon surrender thereof at said office with all unmatured coupons attached, be exchanged for registered bonds without coupons of the same aggregate principal amount, but of any authorized denomination or denominations.

(c) Registered bonds without coupons may, at the option of the registered owners thereof and upon surrender thereof at

said office, be exchanged for coupon bonds of the same aggregate principal amount in the denomination of \$1,000 each.

If any coupon bond so surrendered shall be registered as to principal, it shall be accompanied by a proper transfer power duly executed by the registered owner or by duly authorized attorney transferring such registered principal to "bearer," and the signature to such transfer power shall be guaranteed to the satisfaction of the Trustee; and every registered bond without coupons so surrendered shall be accompanied by a proper transfer power duly executed by the registered owner or by duly authorized attorney transferring such bond to the Company, and the signature to such transfer power shall be guaranteed to the satisfaction of the Trustee.

All coupon bonds so surrendered and all coupon bonds so delivered in exchange for registered bonds without coupons shall be accompanied by all unmatured coupons appertaining thereto. If at the time of the issue of coupon bonds in exchange for registered bonds without coupons, the Company shall be in default in the payment of interest upon the bonds of 3¼% Series, the coupon bonds so issued shall also be accompanied by matured interest coupons representing the interest in default.

All bonds so surrendered shall be forthwith cancelled and delivered to or upon the order of the Company.

All bonds executed, authenticated and delivered in exchange for bonds so surrendered shall be valid obligations of the Company, evidencing the same debt as the bonds surrendered, and shall be secured by the same lien and be entitled to the same benefits and protection as the bonds in exchange for which they are executed, authenticated and delivered.

For any exchange of bonds of 3¼% Series as hereinbefore provided for, or for any transfer of registered bonds without coupons of said series, or for the registration as to principal of any coupon bond or temporary bond of said series, or for transferring or discharging such registration as to principal, the Company at its option may require the payment of a sum sufficient to reimburse it for any stamp tax or

other governmental charge incident thereto, and in addition thereto, of a further sum not exceeding two dollars for each new bond, if any, issued upon any such exchange or transfer; and the Company may, but shall not be required to, make any such exchange or transfer during any period of fifteen days next preceding any interest payment or redemption date.

SECTION 5. Pending the preparation of definitive bonds of 3¼% Series the Company may from time to time execute, and, upon its written order, the Trustee shall authenticate and deliver, in lieu of such definitive bonds and subject to the same provisions, limitations and conditions, one or more temporary printed, lithographed or type-written bonds, in bearer or registered form, substantially of the tenor of the bonds to be issued as hereinbefore recited, of any denomination specified in the written order of the Company for the authentication and delivery thereof, with or without coupons, or with one or more coupons, and with such omissions, insertions and variations as may be determined by the Board of Directors of the Company.

If any such temporary bonds of 3¼% Series shall at any time be so authenticated and delivered in lieu of definitive bonds, the Company shall without unreasonable delay at its own expense prepare, execute and deliver to the Trustee and thereupon, upon the presentation and surrender of temporary bonds, the Trustee shall authenticate and deliver in exchange therefor, without charge to the holder, definitive bonds of the same series for the same principal sum in the aggregate as the temporary bonds surrendered. All temporary bonds so surrendered shall be forthwith cancelled by the Trustee and delivered to or upon the order of the Company. Until exchanged for definitive bonds the temporary bonds shall in all respects be entitled to the lien and security of the Indenture and all supplemental indentures, and interest, when and as payable, shall be paid upon the presentation thereof and endorsement of such payment shall be made thereon, unless such temporary bond shall be a fully registered bond or shall bear a coupon for such interest. If any temporary bonds shall bear interest coupons, the interest on such temporary bonds represented by coupons

shall be paid only upon presentation and surrender of such coupons as they severally mature.

SECTION 6. Definitive bonds of $3\frac{1}{4}\%$ Series may be in the form of fully engraved bonds or bonds printed or lithographed with steel engraved borders.

ARTICLE II.

ISSUE OF BONDS OF $3\frac{1}{4}\%$ SERIES.

Bonds of $3\frac{1}{4}\%$ Series may be executed, authenticated and delivered from time to time, as permitted by the provisions of Article III of the Indenture.

ARTICLE III.

SINKING FUND FOR BONDS OF $3\frac{1}{4}\%$ SERIES.

SECTION 1. The Company covenants and agrees that, subject to the provisions of this Article III, it will retire through a Sinking Fund, on August 1, 1954, and on each August 1 thereafter to and including August 1, 1972 (such dates being hereafter referred to respectively as the "Sinking Fund dates"), so long as any bonds of $3\frac{1}{4}\%$ Series are outstanding, a principal amount of bonds of $3\frac{1}{4}\%$ Series equal to one and one-half per cent ($1\frac{1}{2}\%$) of the sum of (a) the principal amount of bonds of $3\frac{1}{4}\%$ Series outstanding under the Indenture on the next preceding June 1, (b) the principal amount of bonds of $3\frac{1}{4}\%$ Series redeemed through the operation of the Sinking Fund prior to said June 1 and (c) the principal amount of bonds of $3\frac{1}{4}\%$ Series redeemed at the option of the Company or delivered uncanceled by it to the Trustee and in either case used by the Company to satisfy in whole or in part, as hereinafter provided, its obligation in respect of the Sinking Fund prior to said June 1. In computing the amount of bonds of $3\frac{1}{4}\%$ Series to be retired on any Sinking Fund date, the excess over the nearest multiple of \$1,000 shall be disregarded.

The principal amount of bonds of $3\frac{1}{4}\%$ Series required to be retired by the Company on any Sinking Fund date shall, at the option of the Company, be reduced by:

(1) An amount equal to the principal amount of bonds of 3¼% Series theretofore redeemed at the option of the Company and not theretofore bonded which the Company elects to use for such purpose; provided that the Company shall have delivered to the Trustee not less than forty days prior to such Sinking Fund date an officers' certificate notifying the Trustee of such election, stating the principal amount of bonds of 3¼% Series so to be used and that they have not theretofore been bonded;

(2) An amount equal to the principal amount of bonds of 3¼% Series which shall be delivered uncanceled by the Company to the Trustee for the Sinking Fund not less than forty days prior to such Sinking Fund date, together with an officers' certificate stating that such bonds were theretofore sold or otherwise disposed of by the Company for a consideration and reacquired by the Company; provided that all coupon bonds so delivered shall be accompanied by all unmatured coupons appertaining thereto and all registered bonds without coupons and all coupon bonds registered as to principal shall be accompanied by duly executed instruments of transfer; and/or

(3) To the extent of one-half of the principal amount of bonds of 3¼% Series to be retired on such Sinking Fund date, an amount (disregarding any excess over a multiple of \$1,000) equal to sixty per cent (60%) of the cost or fair value, whichever is less, of net property additions not theretofore bonded which the Company elects to certify to the Trustee for such purpose, but only if the Company shall deliver to the Trustee not less than forty days prior to such Sinking Fund date certificates, instruments and opinions of the kind prescribed in, and setting forth the facts with respect to such net property additions specified in, subdivisions (b), (c), (d), (f), (g)(1), (2) and (5), and (h)(1) and (3), of subdivision 3 of Section 3 of Article III of the Indenture. In case such net property additions shall be subject to a prior lien there shall be deducted from the amount thereof, an amount equal to one hundred sixty-six and two-thirds per cent (166⅔%) of the principal amount of the then outstanding prior lien bonds secured by such prior lien and not theretofore deducted in connection with any application for the authentication and delivery of bonds, or for the withdrawal of cash, or for the reduction of cash, or for the release of property, under any provision of the Indenture.

SECTION 2. The Company covenants and agrees to notify the Trustee in writing not less than forty days prior to each Sinking Fund date of the principal amount of bonds of 3¼% Series required to be retired on such date under the provisions of Section 1 of this Article III (after giving effect to the reductions permitted by subdivisions (1), (2) and (3) of said Section 1) and to pay to the Trustee at least three business days prior to such Sinking Fund date a sum in cash equal to the applicable Sinking Fund redemption price of such bonds.

SECTION 3. All cash deposited with the Trustee for the Sinking Fund, as aforesaid, shall be held in trust for the bonds of 3¼% Series and shall be applied by the Trustee to the redemption of outstanding bonds of 3¼% Series on the August 1 immediately following such deposit in the manner herein and in the Indenture provided. Such bonds shall be called for redemption by the Trustee at the then applicable Sinking Fund redemption price.

The Trustee, after receiving the notice provided for in Section 2 of this Article III, shall give notice of the redemption of bonds for the Sinking Fund by publication once in each week for two successive calendar weeks in an authorized Chicago newspaper and in an authorized New York newspaper, the first publication to be made at least fifteen and not more than thirty days before the date fixed for redemption, and by mailing a copy of such notice, postage prepaid, at least fifteen and not more than thirty days prior to the date of such redemption, to the owners of all coupon bonds at the time registered as to principal and of all registered bonds without coupons so to be redeemed, at the addresses that shall appear on the registers thereof. No failure to mail any such notice and no defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any of the bonds so to be redeemed. Such notice shall state that the bonds specified therein by distinctive numbers, or specified portions thereof in case of partial redemption of registered bonds without coupons, are to be redeemed for the Sinking Fund at the principal office of the Trustee, in the City of Chicago, Illinois, or at the principal office of any successor in trust, and shall

specify the date on which they shall become due and payable and the redemption price thereof and that on and after such date interest thereon will cease to accrue.

Notice of redemption having been given as aforesaid, the bonds of 3¼% Series, so called, or the specified portions thereof, shall, on the date designated in such notice, become due and payable at said office at the then current Sinking Fund redemption price, and upon presentation and surrender thereof with (in the case of coupon bonds) all interest coupons maturing subsequent to the redemption date and (in the case of registered bonds or of coupon bonds which shall at the time be registered as to principal) accompanied by duly executed assignments or transfer powers, such bonds or the specified portions thereof shall be paid and redeemed out of the funds held by the Trustee in the Sinking Fund as aforesaid, at said redemption price, and on and after said redemption date interest on said bonds shall cease to accrue.

SECTION 4. All bonds, and the coupons, if any, attached thereto, delivered uncanceled to the Trustee for the purpose of the Sinking Fund or redeemed as above provided with moneys in the Sinking Fund, shall be forthwith cancelled by the Trustee, and shall be delivered to or upon the written order of the Company; and all such bonds, and all bonds redeemed at the option of the Company and all net property additions used to reduce the amount of bonds to be retired through the Sinking Fund as provided in Section 1 of this Article III, shall thereafter, for all purposes of the Indenture and this Supplemental Indenture, be deemed to have been bonded, but only so long as any bonds of 3¼% Series remain outstanding, and when no bonds of such series remain outstanding such bonds so delivered to the Trustee for the Sinking Fund, or redeemed with moneys in the Sinking Fund, or redeemed at the option of the Company and used to reduce the amount of bonds to be retired through the Sinking Fund and all net property additions so used, as provided in Section 1 of this Article III, shall cease to be bonded.

ARTICLE IV.

MAINTENANCE AND REPLACEMENT FUND.

SECTION 1. For the purpose of this Article IV, the definitions contained in and the methods of computation prescribed by this Section 1 shall be applied, unless the context otherwise requires:

(a) The "amount of the gross electric property account" of the Company at the date of delivery of this Supplemental Indenture shall be deemed to be \$34,700,000. The "amount of the gross electric property account" at any subsequent date shall be \$34,700,000, plus the cost or fair value, whichever shall be less, of property additions used or useful in connection with the electric and heat businesses of the Company made to such subsequent date, less the amount of all property retirements of property used or useful in such businesses made to such subsequent date. The "amount of the gross gas property account" of the Company at the date of delivery of this Supplemental Indenture shall be deemed to be \$9,100,000. The "amount of the gross gas property account" at any subsequent date shall be \$9,100,000 plus the cost or fair value, whichever shall be less, of property additions used or useful in connection with the gas business of the Company made to such subsequent date, less the amount of all property retirements of property used or useful in such business made to such subsequent date. The fair value of such property additions shall be determined as of the date of construction or acquisition by the Company. Notwithstanding the definition of "property retirements" contained in Article I of the Indenture, (i) property retirements shall be deemed to include property additions not theretofore bonded, which shall have worn out or been retired, discontinued or abandoned, whether or not renewed or replaced (but shall not include any property only temporarily out of use), or which shall have been sold or otherwise disposed of or released, and (ii) the amount of all property retirements consisting of property owned by the Company at the date of delivery of this Supplemental Indenture shall be computed at the cost thereof to the Company (including any excess of such cost over original cost when first devoted to public service whether or not any such excess shall have been previously written down or written off) and the amount of all other property retirements shall be computed at the cost or fair value

thereof, whichever is less, at the date of construction or acquisition by the Company, without the deductions specified in said definition.

(b) The "average amount of the gross electric property account for the period covered by the Maintenance Certificate" shall be deemed to be the average of the amounts of the gross electric property account at the date of such Maintenance Certificate and at the date of the next preceding Maintenance Certificate filed hereunder (or in the case of the period covered by the first Maintenance Certificate, at the date of delivery of this Supplemental Indenture). The "average amount of the gross gas property account for the period covered by the Maintenance Certificate" shall be deemed to be the average of the amounts of the gross gas property account at the date of such Maintenance Certificate and at the date of the next preceding Maintenance Certificate filed hereunder (or in the case of the period covered by the first Maintenance Certificate, at the date of delivery of this Supplemental Indenture).

(c) The "Standard of Expenditure for the period covered by the Maintenance Certificate" shall be deemed to be an amount equal to the sum of:

(i) three per cent (3%) of the average amount of the gross electric property account for the period covered by the Maintenance Certificate, if such Maintenance Certificate covers a period of one year, and a proportionately greater or lesser amount if the Maintenance Certificate covers a period of more or less than one year; and

(ii) two and one-half per cent ($2\frac{1}{2}\%$) of the average amount of the gross gas property account for the period covered by the Maintenance Certificate, if such Maintenance Certificate covers a period of one year, and a proportionately greater or lesser amount if the Maintenance Certificate covers a period of more or less than one year.

(d) The "Standard of Expenditure for the entire period from the date of delivery of this Supplemental Indenture to the date of the Maintenance Certificate" shall be the sum of the Standards of Expenditure for each period covered by a Maintenance Certificate filed hereunder from the date of delivery of this Supplemental Indenture to and including the Maintenance Certificate then being filed.

SECTION 2. The Company covenants and agrees that so long as any of the bonds of 3¼% Series are outstanding it will deliver to the Trustee a Maintenance Certificate (1) within four months after the close of the calendar year 1944 covering the period from the date of delivery of this Supplemental Indenture through December 31, 1944, and (2) within four months after the close of each calendar year thereafter, covering the period from the date of the next preceding Maintenance Certificate filed hereunder to the end of such calendar year. The Company may, in addition, at its election, at any time file a Maintenance Certificate for the period specified therein, which shall cover the period from the date of the next preceding Maintenance Certificate filed hereunder to a date within four months prior to the date when filed. Each Maintenance Certificate filed hereunder shall be dated the last day of the period covered thereby, shall be signed by the President or a Vice-President or the Treasurer of the Company and shall show the following:

(a) The average amount of the gross electric property account for the period covered by the Maintenance Certificate, the average amount of the gross gas property account for the period covered by the Maintenance Certificate, the Standard of Expenditure for the period covered by the Maintenance Certificate, and the Standard of Expenditure for the entire period from the date of delivery of this Supplemental Indenture to the date of the Maintenance Certificate.

(b) The aggregate of expenditures made by the Company for repairs to and the maintenance of property used or useful in its electric, gas and heat businesses from the date of delivery of this Supplemental Indenture through the date of such Maintenance Certificate, showing separately the amount of such expenditures during the period covered by such Maintenance Certificate.

(c) The lesser of the cost or fair value (both of which shall be stated) of property additions (whether or not theretofore bonded) from the date of delivery of this Supplemental Indenture through the date of such Maintenance Certificate, in renewal or replacement of, in substitution for or in lieu of any property retirements (including property retirements consisting of property additions not theretofore bonded) made subsequent to the

date of delivery of this Supplemental Indenture, showing separately the cost or fair value, whichever shall be less, of such property additions not included in item (c) of any previous Maintenance Certificate. For this purpose any property additions (whether or not theretofore bonded) shall be deemed to be in substitution for or in lieu of such property retirements to the extent that the cost or fair value, whichever shall be less, of such property additions does not exceed the amount of such property retirements (determined at the amounts specified in the definition of "property retirements" in Article I of the Indenture) irrespective of the kind or character of the property additions. The fair value of property additions for the purpose of this item (c) shall be taken at the date of the Maintenance Certificate in which such property additions were included in item (c) for the first time. If any property additions made the basis of a credit under this item (c) are subject to any prior lien, then the amount of such credit otherwise available to the Company shall be reduced by an amount equal to one hundred sixty-six and two-thirds per cent ($166\frac{2}{3}\%$) of the principal amount of the then outstanding prior lien bonds secured by such prior lien and not theretofore deducted in connection with any application for the authentication and delivery of bonds, or for the withdrawal of cash, or for the reduction of cash, or for the release of property, under any provision of the Indenture. Property additions shall not be considered to be bonded by reason of their utilization under this item (c).

(d) The aggregate of (1) the amount of any net property additions not theretofore bonded which the Company in such Maintenance Certificate elects to make the basis of a credit under this Article IV, and (2) the amount of net property additions utilized under item (d) of all previous Maintenance Certificates but only so far as the net property additions so utilized have not ceased to be bonded as permitted by Section 5 of this Article IV at the date of the Maintenance Certificate then being filed. The amount of net property additions utilized under item (d) of a Maintenance Certificate for the first time shall be separately stated. The fair value of property additions shall be determined for the purpose of their inclusion in net property additions under this item (d) as of the date of the Maintenance Certificate in which they are included in item (d) for the first time. In any such case, if any property additions made the basis of a credit

under this item (d) are subject to any prior lien, then the amount of such credit otherwise available to the Company shall be reduced by an amount equal to one hundred sixty-six and two-thirds per cent ($166\frac{2}{3}\%$) of the principal amount of the then outstanding prior lien bonds secured by such prior lien and not theretofore deducted in connection with any application for the authentication and delivery of bonds, or for the withdrawal of cash, or for the reduction of cash, or for the release of property, under any provision of the Indenture. To the extent that net property additions are utilized under this item (d), they shall be deemed to have been bonded for all purposes of the Indenture; and to the extent that prior lien bonds are deducted under this item (d), they shall be deemed to have been deducted, for all purposes of the Indenture, in connection with an application for the withdrawal or reduction of cash.

(e) The aggregate of (1) one hundred per cent (100%) of the principal amount of prior lien bonds which shall have theretofore been deducted in connection with any application for the authentication and delivery of bonds, or for the release of property, or for the withdrawal of cash, or for the reduction of cash, under any provision of the Indenture (or, in the case of prior lien bonds, one hundred sixty-six and two-thirds per cent ($166\frac{2}{3}\%$) of the principal amount whereof has theretofore been deducted in connection with the reduction or withdrawal of cash under any provision of the Indenture, then an amount equal to one hundred sixty-six and two-thirds per cent ($166\frac{2}{3}\%$) of the principal amount of such prior lien bonds), which after such deduction and prior to or simultaneously with the filing of the Maintenance Certificate shall have been deposited with the Trustee or paid or redeemed or reduced or ascertained by final judicial determination to be invalid, which the Company in such Maintenance Certificate elects to make the basis of a credit under this Article IV and which shall not theretofore have been bonded, and (2) the aggregate amount of credit based on prior lien bonds utilized under item (e) of all previous Maintenance Certificates, but only so far as the prior lien bonds so utilized have not ceased to be bonded as permitted by Section 5 of this Article IV at the date of the Maintenance Certificate then being filed. The amount of prior lien bonds utilized under item (e) of a Maintenance Certificate for the first time shall be separately stated. To the extent that prior lien bonds are utilized under this

item (e) they shall be deemed to have been bonded for all purposes of the Indenture.

(f) The aggregate of (1) the principal amount of bonds theretofore authenticated and delivered under any provision of the Indenture, which after such delivery and prior to or simultaneously with the filing of such Maintenance Certificate shall have been or be surrendered for conversion (if convertible) except into other bonds, or paid or redeemed or otherwise surrendered to the Trustee and cancelled (otherwise than upon exchange of bonds of one denomination for bonds of another denomination or of coupon bonds for registered bonds or of registered bonds for coupon bonds or upon transfer of registered bonds or in lieu of lost, mutilated, stolen or destroyed bonds), which the Company in such Maintenance Certificate elects to make the basis of a credit under this Article IV and which shall not theretofore have been bonded, and (2) the principal amount of bonds utilized under item (f) of all previous Maintenance Certificates, but only so far as the bonds so utilized have not ceased to be bonded as permitted by Section 5 of this Article IV at the date of the Maintenance Certificate then being filed. The amount of bonds utilized under item (f) of a Maintenance Certificate for the first time shall be separately stated. To the extent that bonds are utilized under this item (f) they shall be deemed to have been bonded for all purposes of the Indenture.

(g) The amount, if any, of cash previously deposited by the Company with the Trustee pursuant to Section 3 of this Article IV and not subsequently withdrawn pursuant to subdivision (a) of Section 4 of this Article IV.

(h) The amount, if any (hereinafter sometimes referred to as the "Item (h) Credit"), by which the aggregate of the foregoing items (b), (c), (d), (e), (f) and (g) exceeds the Standard of Expenditure for the entire period from the date of delivery of this Supplemental Indenture to the date of the Maintenance Certificate.

(i) The amount, if any (hereinafter sometimes referred to as the "Item (i) Deficit"), by which the aggregate of the amounts of the foregoing items (b), (c), (d), (e), (f) and (g) fails to equal the Standard of Expenditure for the entire period from the date of delivery of this Supplemental Indenture to the date of the Maintenance Certificate.

Each Maintenance Certificate shall be accompanied by the officers' certificate, engineer's certificate and independent engineer's certificate, opinion of counsel, instruments of conveyances and transfer and other documents described in Article III of the Indenture to the extent that they are pertinent to establish the facts set forth in the Maintenance Certificate, except that, subject to the provisions of Section 8 of Article XVII of the Indenture, the Company may incorporate by reference any such certificates, opinions, instruments or documents previously filed with the Trustee under this Article IV.

SECTION 3. In case any Maintenance Certificate shows an Item (i) Deficit, the Company covenants that it will, concurrently with the filing of such certificate, deposit with the Trustee an amount in cash equal to the amount of such deficit.

SECTION 4. Any cash deposited with the Trustee under this Article IV shall be held by the Trustee as further security for the bonds, but may be withdrawn by the Company as follows:

(a) Any such cash may at any time be withdrawn by the Company in an amount equal to the Item (h) Credit stated in the last filed Maintenance Certificate, upon filing with the Trustee an officers' certificate requesting such withdrawal and stating that such withdrawal is made against the utilization of such Item (h) Credit.

(b) Any such cash may be also withdrawn by the Company upon compliance with the provisions of subdivisions (b) and (c) of Section 1 of Article VIII of the Indenture.

The Company shall also have the right at all times and from time to time to direct the Trustee to apply any moneys deposited with it under this Article IV toward the purchase or redemption of bonds and/or prior lien bonds in the manner provided in Section 2 of Article VIII of the Indenture.

Any moneys deposited with the Trustee under this Article IV which shall not have been withdrawn by the Company or applied by the Trustee at the direction of the Company to the purchase or redemption of bonds or prior lien bonds within two years from the date of deposit

thereof shall be applied by the Trustee, if in excess of \$50,000, toward the purchase or redemption of bonds or prior lien bonds in the manner provided in Section 2 of Article VIII of the Indenture, except that the Company shall not be required to provide the Trustee with any amount by which the price at which such bonds or prior lien bonds are purchased or redeemed exceeds the principal amount thereof and shall not be entitled to receive from the Trustee the amount by which said price is less than said principal amount.

SECTION 5. Any net property additions, bonds or prior lien bonds which have become bonded by being included under item (d), (e) or (f) of any Maintenance Certificate filed with the Trustee under this Article IV may subsequently cease to be bonded on utilizing the Item (h) Credit, if any, stated in the last-filed Maintenance Certificate but only in an amount not exceeding (1) in the case of such net property additions, the cost or then fair value thereof to the Company, whichever is greater, and (2) in the case of bonds or prior lien bonds, the amount with respect thereto included under item (e) or (f) at the time of the utilization thereof in any Maintenance Certificate; and thereupon any prior lien bonds deducted under item (d) in respect of such net property additions shall no longer be deemed to have been deducted for the purposes of any subsequent application under the Indenture for the authentication and delivery of bonds or for the release of property or for the withdrawal of cash or for the reduction of cash. Such changes shall become effective upon the filing with the Trustee of an officers' certificate stating that the bonded net property additions, bonds or prior lien bonds referred to therein are to cease to be bonded upon the utilization of an amount, specified therein and determined as aforesaid, of the Item (h) Credit stated in the last-filed Maintenance Certificate, and describing any bonded net property additions included therein and stating their cost and then fair value to the Company and describing any prior lien bonds theretofore deducted in respect of such net property additions.

Whenever any Item (h) Credit, or any part thereof, has been utilized as hereinbefore in this Article IV stated, such Item (h) Credit shall be diminished to the extent so utilized for all future purposes.

SECTION 6. Whenever all bonds of 3¼% Series are paid or redeemed, the Company shall be entitled to any remaining moneys received by the Trustee and then held undisposed of under the provisions of this Article IV, and all property additions, bonds and prior lien bonds, which have become bonded by being included in any Maintenance Certificate filed under this Article IV, shall thereupon cease to be bonded; and, for the purposes of any subsequent application for authentication and delivery of bonds or for the release of property or for the withdrawal of cash or for the reduction of cash under any of the provisions of the Indenture, prior lien bonds which shall have been deducted under item (d) of Section 2 of this Article IV shall no longer be deemed to have been deducted as provided in said item (d).

ARTICLE V.

COVENANT WITH RESPECT TO DIVIDENDS.

SECTION 1. The Company covenants that, after the date of delivery of this Supplemental Indenture and so long as any of the bonds of 3¼% Series are outstanding, it will not declare or pay any dividend or make any other distribution on, or purchase or redeem any shares of, any class of its capital stock at any time outstanding, if the aggregate amount of all dividends and distributions on, and purchases and redemptions of, all shares of its capital stock of all classes (including any such dividend, distribution, purchase or redemption at the time proposed to be declared, paid or made) subsequent to the date of delivery of this Supplemental Indenture shall exceed the amount of earned surplus arising after that date plus (1) the amount of the net proceeds in cash or property received by the Company in respect of the issue of any shares of stock of the Company after that date, (2) the amount of any capital contributions in cash or property received by the Company after that date and (3) \$1,425,000.

Any property, other than cash, constituting or included in such net proceeds or capital contributions shall be taken at the net amount at which such property is entered on the books of the Company at the time of receipt thereof, or at its fair value to the Company at the time of receipt, whichever is lower. Such fair value shall be determined, in

the case of property other than securities, by an engineer and set forth in an engineer's certificate and, in the case of securities, by an appraiser and set forth in an appraiser's certificate. Such certificate shall be an independent engineer's certificate or independent appraiser's certificate if the fair value of such property or securities, as the case may be, exceeds the greater of (i) 1% of the aggregate principal amount of bonds outstanding at the time of filing such certificate or (ii) \$25,000. Such engineer's certificate or appraiser's certificate or independent engineer's certificate or independent appraiser's certificate, as the case may be, shall be filed by the Company with the Trustee prior to the declaration or payment of any dividend or the making of any distribution on or purchase or redemption of shares of stock, as to which the Company relies on the receipt of such property for compliance with this Section 1.

The provisions of this Section 1 shall not apply to the acquisition of any shares of capital stock of the Company effected through the exchange of other shares of stock of the Company.

For the purposes of this Section 1, the amount of any purchase or redemption of shares of capital stock of the Company shall be the cost thereof (including premium, if any, paid on such redemption, except any premium referred to in clause (4) of subdivision (i) of this Section 1), and the terms "dividends" and "distributions" shall not include any dividends payable in shares of capital stock of the Company.

For the purposes of this Section 1, the term "earned surplus arising after the date of delivery of this Supplemental Indenture," shall mean earned surplus of the Company (computed before deducting any amount in respect of any dividends or distributions on, or purchases or redemption of, shares of its capital stock) arising after that date, determined in accordance with sound accounting practice; provided, however, that

(i) No deduction or addition shall be made for any or all of the following direct charges or credits to earned surplus:

(1) any surplus adjustments applicable to a period or

periods prior to the date of delivery of this Supplemental Indenture;

(2) charges to earned surplus for the write off of unamortized debt discount and expense existing at the date of delivery of this Supplemental Indenture;

(3) charges to earned surplus for the write off of premiums paid in connection with the redemption of funded debt of the Company outstanding immediately prior to the date of delivery of this Supplemental Indenture, but only to the extent of any excess of such premiums over the premiums, if any, received by the Company upon the sale of the first \$17,000,000 principal amount of the bonds of 3¼% Series;

(4) charges to earned surplus for the write off of any premium paid in connection with the redemption or exchange of any shares of preferred stock of the Company outstanding at the date of delivery of this Supplemental Indenture;

(5) credits or charges to earned surplus for profit or loss realized by the Company upon any sale or other disposition of mortgaged property released from the lien of the Indenture pursuant to Section 3 or Section 5 of Article VII thereof in case the gross proceeds from such sale or other disposition exceeds \$250,000;

(6) charges to earned surplus for tax liabilities resulting from any sale or other disposition of mortgaged property released from the lien of the Indenture pursuant to Section 3 or Section 5 of Article VII thereof in case the gross proceeds from such sale or other disposition exceeds \$250,000;

(7) charges to earned surplus for the write down or write off, or covering any loss on the sale or abandonment, of any property not subject to the lien of the Indenture; and

(8) charges to earned surplus for the write down or write off of any excess of the amounts at which the properties of the Company are carried on its books over the original cost of such properties when first devoted to public service which may be required by any rule, regulation or order of any public body or authority exercising supervisory authority over the accounts of the Company.

(ii) If for any calendar year or part thereof elapsed after the date of delivery of this Supplemental Indenture to the close of the calendar month next preceding the determination of earned surplus, the sum of the amounts charged or provided on the books of the Company as operating expenses for maintenance, repairs and depreciation of the mortgaged property, is less than the sum of:

(1) an amount computed at the rate of three per cent (3%) per annum of the average amount of the gross electric property account of the Company for such year or part of year, and

(2) an amount computed at the rate of two and one-half per cent ($2\frac{1}{2}\%$) per annum of the average amount of the gross gas property account of the Company for such year or part of year,

there shall be deducted in determining earned surplus for the purposes of this Section 1 an amount equal to the difference between the sum of the amounts so charged or provided on the books of the Company and the sum of the amounts specified in clauses (1) and (2) above. The average amount of the gross electric property account of the Company shall be determined for each full calendar year by averaging the amount of the gross electric property account at the beginning and at the end of the year, and for each part of a calendar year by averaging the amount of the gross electric property account at the beginning and at the end of such part. The average amount of the gross gas property account of the Company shall be determined for each full calendar year or part thereof in the same manner.

As used in subdivision (ii) of this Section 1, the "amount of the gross electric property account" shall be deemed to be \$34,700,000 and the "amount of the gross gas property account" shall be deemed to be \$9,100,000 at the date of delivery of this Supplemental Indenture, and at any subsequent date shall be determined as provided in subdivision (a) of Section 1 of Article IV hereof, and the "mortgaged property" shall be deemed to include only property subject to the lien of the Indenture which is used or useful for or to be used in the business of generating, manufacturing, producing, transmitting, distributing or supplying electricity, gas, steam or hot water.

Notwithstanding the foregoing provisions of subdivision (ii) of

this Section 1, no amount shall be deducted in determining earned surplus for the purposes of this Section 1 which, if charged or provided on the books of the Company, would be in contravention of any applicable rules, regulations or orders from time to time made (whether or not pursuant to application made by the Company) by any regulatory commission or other governmental authority of competent jurisdiction, and the provisions of this Article V are limited accordingly.

SECTION 2. The Company covenants that it will, so long as any bonds of 3¼% Series are outstanding, file with the Trustee within four months after the close of each fiscal year beginning after December 31, 1943, an earned surplus account for such fiscal year certified by independent accountants to have been prepared in accordance with the provisions of this Article V.

ARTICLE VI.

THE TRUSTEES.

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or the due execution hereof by the Company, or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustees by reason of this Supplemental Indenture other than as set forth in the Indenture; and this Supplemental Indenture is executed and accepted on behalf of the Trustees, subject to all the terms and conditions set forth in the Indenture, as fully to all intents as if the same were herein set forth at length.

ARTICLE VII.

MISCELLANEOUS PROVISIONS.

Except in so far as herein otherwise expressly provided, all the provisions, terms and conditions of the Indenture shall be deemed to

be incorporated in, and made a part of, this Supplemental Indenture; and the Indenture as supplemented by this Supplemental Indenture is in all respects ratified and confirmed; and the Indenture and this Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Nothing in this Supplemental Indenture is intended, or shall be construed, to give to any person or corporation, other than the parties hereto and the holders of bonds issued and to be issued under and secured by the Indenture, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions of this Supplemental Indenture being intended to be, and being, for the sole and exclusive benefit of the parties hereto and of the holders of bonds issued and to be issued under the Indenture and secured thereby.

All covenants, promises and agreements in this Supplemental Indenture contained by or on behalf of the Company shall bind its successors and assigns whether so expressed or not.

The term, "date of delivery of this Supplemental Indenture," wherever used in this Supplemental Indenture, shall mean September 8, 1943.

This Supplemental Indenture may be executed in any number of counterparts, and each of such counterparts when so executed shall be deemed to be an original; but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, IOWA POWER AND LIGHT COMPANY has caused this Supplemental Indenture to be executed by its President or one of its Vice-Presidents, and its corporate seal to be hereunto affixed, duly attested by its Secretary or one of its Assistant Secretaries, and HARRIS TRUST AND SAVINGS BANK has caused the same to be executed by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed, duly attested by one of its Assistant Secretaries,

and HAROLD ECKHART has hereunto affixed his signature and seal, as of the day and year first above written.

IOWA POWER AND LIGHT COMPANY,

By.....*C. A. Leland*.....

Attest:

President.

.....*Ira Steele*.....

Assistant Secretary.

(Corporate Seal)

Signed, sealed, acknowledged and delivered
by IOWA POWER AND LIGHT COMPANY in
the presence of:

.....*H. B. Munsell*.....

.....*D. A. Powell*.....

HARRIS TRUST AND SAVINGS BANK,

By.....*Donald C. Miller*.....

Attest:

Vice-President.

.....*F. O. Mann*.....

Assistant Secretary.

(Corporate Seal)

Signed, sealed, acknowledged and delivered
by HARRIS TRUST AND SAVINGS BANK in the
presence of:

.....*J. B. Corwine*.....

.....*H. O. Palm*.....

.....*Harold Eckhart*..... (SEAL)

Signed, sealed, acknowledged and delivered
by HAROLD ECKHART in the presence of:

.....*J. B. Corwine*.....

.....*H. O. Palm*.....

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this *1st* day of September, A. D. 1943, before me, a Notary Public in and for said County, personally appeared C. A. LELAND and IRA STEELE, to me personally known, who being by me duly sworn did say that they are respectively President of IOWA POWER AND LIGHT COMPANY, an Iowa corporation, and Assistant Secretary of said corporation; that the seal affixed to said instrument is the 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 Stockholders; and the said C. A. LELAND and IRA STEELE each acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by each of them and by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year aforesaid.

..... *K. E. Mc Graw*
Notary Public.

My commission expires *July 7, 1945*

(Notarial Seal)

STATE OF ILLINOIS)
) ss I, MICHAEL J. FLYNN, County Clerk of the
COOK COUNTY)
County of Cook, Do HEREBY CERTIFY that I am the lawful custodian
of the official records of Notaries Public of said County, and as
such officer am duly authorized to issue certificates of magistracy,
that K. E. McGraw

whose name is subscribed to the proof of acknowledgment of the
annexed instrument in writing, was, at the time of taking such proof
of acknowledgment, a Notary Public in and for Cook County, duly
commissioned, sworn and acting as such and authorized to take
acknowledgments and proofs of deeds or conveyances of lands, tene-
ments or hereditaments, in said State of Illinois, and to administer
oaths; all of which appears from the records and files in my office;
that I am well acquainted with the handwriting of said Notary and
verily believe that the signature to the said proof of acknowledg-
ment is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
the seal of the County of Cook at my office in the City of Chicago,
in the said County, this 1 day of September, 1943.

SEAL OF THE COUNTY
OF COOK, ILLINOIS

Michael J. Flynn
County Clerk

STATE OF ILLINOIS.)
COOK COUNTY)

ss

I, MICHAEL J. FLYNN, County Clerk of the

County of Cook, Do HEREBY CERTIFY that I am the lawful custodian
of the official records of Notaries Public of said County, and as
such officer am duly authorized to issue certificates of magistracy,
that Grant M. Dwyer

whose name is subscribed to the proof of acknowledgment of the
annexed instrument in writing, was, at the time of taking such proof
of acknowledgment, a Notary Public in and for Cook County, duly
commissioned, sworn and acting as such and authorized to take
acknowledgments and proofs of deeds or conveyances of lands, tene-
ments or hereditaments, in said State of Illinois, and to administer
oaths; all of which appears from the records and files in my office;
that I am well acquainted with the handwriting of said Notary and
verily believe that the signature to the said proof of acknowledg-
ment is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
the seal of the County of Cook at my office in the City of Chicago,
in the said County, this 1 day of September, 1943.

SEAL OF THE COUNTY
OF COOK, ILLINOIS

Michael J. Flynn

County Clerk

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this *1st* day of September, A. D. 1943, before me, a Notary Public in and for said County, personally appeared ... *Donald C. Miller* and *F. O. Mann*, to me personally known, who being by me duly sworn did say that they are respectively Vice-President of HARRIS TRUST AND SAVINGS BANK, an Illinois corporation, and Assistant Secretary of said corporation; that the seal affixed to said instrument is the 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 *Donald C. Miller* and *F. O. Mann*

..... each acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by each of them and by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year aforesaid.

..... *Grant M. Drejer*
Notary Public.

My commission expires *March 19, 1947*

(Notarial Seal)

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this ... *1st* day of September, A. D. 1943, before me, a Notary Public in and for said County, in the State aforesaid, personally appeared HAROLD ECKHART, to me personally known to be the person named in and who executed the foregoing instrument as Individual Trustee, who, being by me duly sworn, acknowledged that he executed said instrument as his free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year aforesaid.

... *Grant M. Dryer*
Notary Public.

My commission expires *March 19, 1947*

(*Notarial Seal*)