
**TWENTY-THIRD
SUPPLEMENTAL INDENTURE**

IOWA POWER AND LIGHT COMPANY

To

HARRIS TRUST AND SAVINGS BANK

and

R. S. STAM

Trustees

Dated as of July 15, 1988

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MARY E. WELTY
RECORDER
MADISON COUNTY, IOWA

Fee 70⁰⁰
PAID

**Creating an Issue of First Mortgage Bonds,
10½% Series due 2018**

**Supplemental to Indenture of Mortgage
and Deed of Trust**

Dated as of August 1, 1943

THIS TWENTY-THIRD SUPPLEMENTAL INDENTURE, dated as of the 15th day of July, 1988, 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, State of Illinois (hereinafter called the "Trustee"), and R. S. STAM of Chicago, Illinois, as Trustees under the Indenture hereinafter mentioned, parties of the second part:

WITNESSETH:

WHEREAS, the Company has heretofore executed and delivered to the Trustee and to Harold Eckhart, as 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, at various dates thereafter, twenty-two Supplemental Indentures (hereinafter referred to as the "First Supplemental Indenture," the "Second Supplemental Indenture," etc., as the case may be) creating twenty-four series of bonds issued under the Indenture, of which there are now outstanding bonds of twelve of such series in the aggregate principal amount of \$235,689,000; and

WHEREAS, effective April, 1977, R. S. Stam became and is now the duly appointed and acting Individual Trustee under the Indenture (the Trustee and R. S. Stam, Individual Trustee, being hereinafter called the "Trustees"); and

WHEREAS, the Company desires in and by this Twenty-Third Supplemental Indenture to create a twenty-fifth 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 the Indenture provided or permitted; and

WHEREAS, the Company also desires in and by this Twenty-Third Supplemental Indenture to record the description of, and confirm unto the Trustees, certain property acquired after the execution and delivery of the Twenty-Second Supplemental Indenture and now subject to the lien of the Indenture by virtue of the provisions of the Indenture conveying to the Trustees property acquired after its execution and delivery; and

WHEREAS, all the conditions and requirements necessary to make this Twenty-Third 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 Twenty-Third Supplemental Indenture in the form and with the terms hereof have been in all respects 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 of America paid to the Company by the Trustees at or before the execution and delivery of this Twenty-Third 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:

DESCRIPTION OF PROPERTY ACQUIRED AFTER EXECUTION AND DELIVERY OF THE TWENTY-SECOND SUPPLEMENTAL INDENTURE.

The Company records below the description of, and hereby confirms unto the Trustees, the following described real property in the State of Iowa, which property has been acquired by the Company after the execution and delivery of the Twenty-Second Supplemental Indenture and which, since the respective dates of acquisition thereof, has been and is now subject to the lien of the Indenture in all respects as if originally described therein.

JASPER COUNTY

Colfax Service Center

A part of the Northwest fractional Quarter of Section 1, Township 79 North, Range 21 West of the 5th P.M., Jasper County, Iowa more particularly described as follows: Beginning at Station 136 + 18.4, a point on the centerline of Primary Road No. 117 which is 1,241.3 feet east from the NW corner of said Section 1 and on the north line of the NW $\frac{1}{4}$ thereof; thence southerly 230.2 feet along a 2,865.0 foot radius curve, concave westerly and tangent to the following course to Station 133 + 88.2; thence south 10°48'30" W 496.9 feet to Station 128 + 91.3; thence southerly 661.6 feet along a 1,910.0 foot radius curve, concave easterly and tangent to the preceding and following courses to Station 122 + 29.7; thence southerly 13.6 feet along a 1,910.0 foot radius curve, concave easterly and tangent to the following course, to Station 122 + 16.1; thence S 9°27' E 71.75 feet to the south line of the north fractional $\frac{1}{2}$ of said NW $\frac{1}{4}$, said point being Station 121 + 44.35; thence S 89°16'25" E 81.28 feet to the point of beginning; thence continuing S 89°16'25" E 485.00 feet; thence N 11°40'15" W 244.89 feet; thence N 22°26'10" W 310.53 feet, thence N 89°16'25" W 350.0 feet; thence southerly along a 1,830.0 foot radius curve concave easterly and having a chord which bears S 2°21'45" E 434.25 feet; thence S 9°27' E 92.60 feet to the point of beginning containing 5.3 acres. The basis for the bearings was taken from the centerline description of Primary Road No. 117, as shown on official plans for Project F-117-1(1)—20-50.

MILLS COUNTY

Glenwood Service Center

A tract of land located in part of Lots 32 and 33 of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 14 and part of Sub. 3 Lot 16 and Sub. 4 Lot 16 of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 13, all in Township 72 North, Range 43 West of the 5th Principal Meridian, Mills County, Iowa, more fully described as follows:

Commencing at the East $\frac{1}{4}$ corner of said Section 14; thence S00°00'00"E along the East line of said NE $\frac{1}{4}$ SE $\frac{1}{4}$ a distance of 137.53 feet to a point on the Southeasterly right-of-way line of Highway No. 34 and 275 and point of beginning; thence N57°54'00"E along said Southeasterly right-of-way line a distance of 160.00 feet; thence S05°42'23"E a distance of 115.89 feet; thence N86°53'02"E a distance of 54.00 feet; thence S06°10'36"W a distance of 130.48 feet; thence S21°24'27"W a distance of 118.08 feet to a point on the Northwesterly right-of-way line of Keg Creek Drainage Ditch; thence S39°07'00"W along said Northwesterly right-of-way line a distance of 228.00 feet to a point on the East line of said NE $\frac{1}{4}$ SE $\frac{1}{4}$; thence continuing S39°07'00"W along said Northwesterly right-of-way line a distance of 23.78 feet; thence N00°00'00"W and parallel with the East line of said NE $\frac{1}{4}$ SE $\frac{1}{4}$ a distance of 452.95 feet to a point on the Southeasterly right-of-way line of Highway No. 34 and 275; thence N57°54'00"E along said Southeasterly right of way line a distance of 17.71 feet to the point of beginning. Said tract contains 1.672 acres more or less. Note: The East line of said NE $\frac{1}{4}$ SE $\frac{1}{4}$ is assumed to bear S00°00'00"E for this description.

Located upon the above described real estate is a gas and electric public utility service center, consisting of office, storage, garage and parking facilities.

CASS COUNTY

Griswold Property

Lots 21 and 22, in Block 10, in the Town of Griswold, Cass County, Iowa.

HARRISON COUNTY

Missouri Valley Service Center

A tract of land located in a part of Lot "C" of Lot One (1) in the Northwest Quarter of the Northwest Quarter (NW $\frac{1}{4}$ NW $\frac{1}{4}$) of Section Fourteen (14), Township Seventy-eight (78) North, Range Forty-four (44) West of the 5th P.M., Harrison County, Iowa, more fully described as follows:

Commencing at the Northwest corner of said Section Fourteen (14) thence South 00°13'26" West along the West line of said NW $\frac{1}{4}$ NW $\frac{1}{4}$ a distance of 1,319.18 feet to the Southwest corner of said

NW¼ NW¼; thence North 90°00'00" East along the South line of said NW¼ NW¼ a distance of 272.80 feet to the Southwest corner of said Lot "C"; thence continuing North 90°00'00" East along said South line a distance of 102.82 feet to the point of beginning; thence North 29°36'00" West a distance of 100.10 feet; thence North 90°00'00" West a distance of 98.16 feet; thence North 27°32'06" West a distance of 149.36 feet; thence North 60°07'43" East a distance of 208.50 feet; thence North 29°30'00" West a distance of 270.26 feet; to a point on the Southeasterly right-of-way line of U.S. Highway 30; thence North 30°26'45" East along said right-of-way line and parallel with the enterline of said Highway a distance of 30.04 feet; thence North 36°09'23" East along said right-of-way a distance of 201.00 feet; thence North 77°17'10" East along said right-of-way a distance of 75.40 feet to a point on the East line of said Lot "C"; thence South 26°45'00" East along the East line of said Lot "C" a distance of 741.02 feet; thence South 89°55'10" West a distance of 82.60 feet; thence South 00°00'00" West a distance of 101.49 feet to a point on the South line of said Lot "C" and said NW¼ NW¼; thence North 90°00'00" West along said South line a distance of 289.36 feet to the point of beginning. Said tract contains 5.69 acres more or less, and is subject to easements of record.

MAHASKA COUNTY

Oskaloosa Service Center

Lot One of Meadow Creek Plat Two, a subdivision of the Northeast Quarter of Section Twelve, Township Seventy-five, Range Sixteen; formerly described as:

Commencing at a point 1,681.59 feet South of the NW corner of the NE¼ of Section 12, Township 75 North, Range 16 West of the 5th P.M. on the West line of said NE¼, (also 1,020 feet South of the NW corner of the South ½ of the NW¼ NE¼) thence East and parallel to the North line of the South ½ of the NW¼-NE¼ of said Section 650.61 feet to the point of beginning; thence East continuing parallel to the North line of said South ½ of the NW¼-NE¼ 606.53 feet to the West right-of-way line of U.S. Highway No. 63, thence South along the said West right-of-way line 380 feet to a point 1,257.61 feet East of the West line of the said NE¼ of said Section 12, thence West 346 feet and parallel to said North line of the said South ½ of the NW¼-NE¼ of Section 12; thence Southwesterly 269.73 feet to a point 1,469.85 feet South of the said North line of the said South ½ of the NW¼-NE¼ of said Section 12 and 651.20 feet East of the West line of the said NE¼ of said Section 12, thence North and parallel to the said West right-of-way line of said U.S. Highway No. 63 449.85 feet to the point of beginning, according to the U.S. Government Survey thereof.

POLK COUNTY

Walnut Ridge Service Center

Commencing at the North ¼ Corner of Section 28, Township 79 North, Range 25 West of the 5th P.M., Urbandale, Polk County, Iowa; thence S89°-52'-40"E along the North line of the N.E.¼ of said Section 28 a distance of 300.00 feet; thence S00°-07'-20"W a distance of 150.00 feet to a point along the South Right of Way Line of Douglas Avenue, as it is presently established, said point being the POINT OF BEGINNING; Thence S89°-52'-40"E parallel with and 150.00 feet South of the North Line of the N.E.¼ of said Section 28 and along the said South Right of Way line of Douglas Avenue a distance of 961.40 feet to a point along the West Right of Way line for 104th Street, as it is presently established; Thence S00°-56'-20"E, parallel with and 50.0 feet West of the East line of the N.W.¼ of the N.E.¼ of said Section 28 and along the said West Right of Way of 104th Street a distance of 2,375.06 feet; Thence N89°-59'-03"W a distance of 76.83 feet; thence N30°-00'-00"W a distance of 1,927.19 feet; Thence N00°-07'-20"E a distance of 707.86 feet to a point on a curve concaved northerly with a radius of 183,496.33 feet, the center of said curve bears N00°-08'-03"E a distance of 183,496.33 feet; Thence Easterly along said curve through a central angle of 00°-00'-43" a distance of 38.60 feet to the POINT OF BEGINNING.

Said tract of land being subject to and together with any and all easements of record.

Said tract of land contains 37.211 acres more or less.

ARTICLE I.

FIRST MORTGAGE BONDS, 10½% SERIES DUE 2018.

SECTION 1. There is hereby created a twenty-fifth series of bonds to be issued under and secured by the Indenture to be designated, distinguished and known as "First Mortgage Bonds, 10½% Series due 2018" of the Company (herein called "Bonds of Twenty-Fifth Series"). Bonds of Twenty-Fifth Series may be issued without limitation as to aggregate principal amount except as provided in the Indenture and in this Twenty-Third Supplemental Indenture. Bonds of Twenty-Fifth Series shall be registered bonds without coupons and shall be dated as of the interest payment date next preceding the authentication thereof by the Trustee (except that (i) if any Bond of Twenty-Fifth Series shall be authenticated before January 15, 1989, it shall be dated as of July 15, 1988, unless (iii) below is applicable, (ii) if the Company shall at the time of the authentication of a Bond of Twenty-Fifth Series be in default in the payment of interest upon the Bonds of Twenty-Fifth Series, such Bond of Twenty-Fifth Series shall be dated as of the date of the beginning of the period for which such interest is so in default, and (iii) so long as there is no existing default in the payment of interest on the Bonds of Twenty-Fifth Series, if any Bond of Twenty-Fifth Series shall be authenticated after the close of business on any record date, as hereinafter defined, with respect to any interest payment date (January 15 or July 15, as the case may be) and on or prior to such interest payment date, it shall be dated as of such interest payment date).

The registered owner of any Bond of Twenty-Fifth Series dated as of an interest payment date as provided in (iii) above shall, if the Company has defaulted in the payment of interest due on such interest payment date and such default shall be continuing, be entitled to exchange such Bond of Twenty-Fifth Series for a Bond or Bonds of Twenty-Fifth Series of the same aggregate principal amount dated as of the interest payment date next preceding the interest payment date first mentioned in this sentence. If the Trustee shall have knowledge at any time that any registered owner of a Bond of Twenty-Fifth Series shall be entitled by the provisions of the next preceding sentence to exchange such Bond of Twenty-Fifth Series, the Trustee shall within thirty days mail to such owner at the address of such owner appearing upon the registry book of the Company a notice informing such owner that such owner has such right of exchange.

All Bonds of Twenty-Fifth Series shall mature July 15, 2018; the principal of and interest on the Bonds of Twenty-Fifth 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, State of Illinois (or at the principal office of any successor in trust), and the place where such interest shall be payable shall be the office or agency of the Company in said City of Chicago, State of Illinois; the rate of interest shall be 10½% per annum, payable semi-annually on the fifteenth days of January and July, and the terms of redemption shall be as referred to in Section 2 of this Article I.

So long as there is no existing default in the payment of interest on the Bonds of Twenty-Fifth Series, the person in whose name any Bond of Twenty-Fifth Series is registered at the close of business on any record date with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding any transfer or exchange of such Bond of Twenty-Fifth Series subsequent to the record date and on or prior to such interest payment date, except as and to the extent the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name such Bond of Twenty-Fifth Series is registered on the date of payment of such defaulted interest.

As used in this Section 1, the term "default in the payment of interest" means failure to pay interest on the applicable interest payment date disregarding any period of grace permitted by Section 2 of Article IX of the Indenture.

The term "record date" as used herein with respect to any interest payment date shall mean the last business day which is more than 10 calendar days prior to such interest payment date. The term "business day" as used herein shall mean any day other than a Saturday or a Sunday or a day on which

the offices of the Trustee in the City of Chicago, State of Illinois, are closed pursuant to authorization of law.

SECTION 2. The Bonds of Twenty-Fifth Series may be redeemed prior to maturity, at the option of the Company in whole at any time or in part from time to time (subject, however, to the provisions of the third paragraph of this Section 2) on notice given in the manner and with the effect provided in Article IV of the Indenture and as in this Section 2 provided, but Bonds of Twenty-Fifth Series shall not be redeemable through the application of moneys deposited with the Trustee pursuant to any replacement or other similar fund contained in any indenture supplemental to the Indenture.

The redemption prices of Bonds of Twenty-Fifth 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

<u>July 15</u>	<u>Optional Redemption Price</u>	<u>July 15</u>	<u>Optional Redemption Price</u>
1988	110.35%	2003	102.59%
1989	109.83	2004	102.07
1990	109.32	2005	101.55
1991	108.80	2006	101.04
1992	108.28	2007	100.52
1993	107.76	2008	100.00
1994	107.25	2009	100.00
1995	106.73	2010	100.00
1996	106.21	2011	100.00
1997	105.69	2012	100.00
1998	105.18	2013	100.00
1999	104.66	2014	100.00
2000	104.14	2015	100.00
2001	103.62	2016	100.00
2002	103.11	2017	100.00

in each case plus accrued interest to the redemption date.

Prior to July 15, 1993, none of the Bonds of Twenty-Fifth Series may be redeemed at the option of the Company through a refunding, directly or indirectly, by or in anticipation of the incurring of any debt which has an interest cost to the Company of less than 10.56% per annum. The term "interest cost to the Company" shall mean the annual percentage yield to stated maturity of the debt at the net price to the Company therefor, determined by reference to a standard table of bond yields, with straight-line interpolation if necessary. The "net price to the Company" shall be determined after allowing for all discounts, commissions, finders' fees or negotiator's fees, standby or commitment charges and any other compensation received or receivable directly from the Company by underwriters, investment bankers or other financing agents or purchasers. Prior to each redemption at the option of the Company of any Bonds of Twenty-Fifth Series prior to July 15, 1993, the Company will deliver to the Trustee an officers' certificate showing compliance with the provisions of this paragraph.

In case the Company shall at any time elect to redeem all or any part of the Bonds of Twenty-Fifth 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 Twenty-Fifth 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, State of Illinois, the redemption

price thereof (or portion thereof in the case of partial redemption of a bond) 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 of Twenty-Fifth Series at the option of the Company, shall be given by mail by the Company, postage prepaid, at least thirty and not more than forty-five days prior to such date of redemption, to the registered owners of all Bonds of Twenty-Fifth Series to be so redeemed, at their respective addresses appearing on the register thereof. Any notice which is mailed as herein provided shall be conclusively presumed to have been properly and sufficiently given on the date of such mailing, whether or not the holder receives the notice. In any case, failure to give due notice by mail, or any defect in the notice, to the registered owner of any Bonds of Twenty-Fifth Series designated for redemption as a whole or in part, shall not affect the validity of the proceedings for the redemption of any other bond.

SECTION 3. Bonds of Twenty-Fifth Series shall be registered bonds without coupons. Bonds of Twenty-Fifth Series shall be issued in the denomination of \$1,000 and integral multiples thereof, and numbered from R-M-1 upwards.

The form of Bonds of Twenty-Fifth Series shall be substantially as follows (any of the provisions of such Bonds may be set forth on the reverse side thereof):

[FORM OF BOND OF TWENTY-FIFTH SERIES]
IOWA POWER AND LIGHT COMPANY
FIRST MORTGAGE BOND, 10½% SERIES DUE 2018
Due July 15, 2018

§

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 July 15, 2018, at the principal office of the Trustee hereinafter named, in the City of Chicago, State of 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 10½% per annum, in like lawful money, payable semi-annually at the office or agency of the Company in the City of Chicago, State of Illinois, on January 15 and July 15 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, provided that so long as there is no existing default in the payment of interest and except for the payment of defaulted interest, the interest payable on any January 15 or July 15 will be paid to the person in whose name this bond was registered at the close of business on the record date (the last business day which is more than 10 calendar days prior to such January 15 or July 15).

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 (R. S. Stam, successor Individual Trustee), 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, 10½% Series due 2018," created by the Twenty-Third Supplemental Indenture dated as of July 15, 1988, 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 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 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, 10½% Series due 2018, 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

<u>July 15</u>	<u>Optional Redemption Price</u>	<u>July 15</u>	<u>Optional Redemption Price</u>
1988	110.35%	2003	102.59%
1989	109.83	2004	102.07
1990	109.32	2005	101.55
1991	108.80	2006	101.04
1992	108.28	2007	100.52
1993	107.76	2008	100.00
1994	107.25	2009	100.00
1995	106.73	2010	100.00
1996	106.21	2011	100.00
1997	105.69	2012	100.00
1998	105.18	2013	100.00
1999	104.66	2014	100.00
2000	104.14	2015	100.00
2001	103.62	2016	100.00
2002	103.11	2017	100.00

in each case plus accrued interest to the date of redemption; provided, however, that none of the First Mortgage Bonds, 10½% Series due 2018, may be redeemed through the application of moneys deposited with the Trustee pursuant to any replacement or similar fund contained in any indenture supplemental to the Indenture, and prior to July 15, 1993, none of the First Mortgage Bonds, 10½% Series due 2018, may be redeemed at the option of the Company through a refunding, directly or

indirectly, by or in anticipation of the incurring of the debt which has an interest cost to the Company (as defined in the Twenty-Third Supplemental Indenture) of less than 10.56% per annum.

Notice of any redemption of bonds to be redeemed shall be given by mail by the Company, postage prepaid, at least thirty and not more than forty-five days prior to the redemption date, to the holders of all such bonds to be redeemed at the addresses that shall appear on the register thereof, subject to the conditions set forth and as more fully provided in said Indenture and in said Twenty-Third Supplemental Indenture. Said Indenture and said Twenty-Third Supplemental Indenture provide, among other things, that notice of redemption having been 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, and the Company shall have on deposit with the Trustee in trust for the purpose, on the date when such bond is 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, for the use and benefit of the registered owner thereof, then all liability of the Company to the registered owner of said bond for the payment of the principal thereof and interest thereon (and premium, if any) shall forthwith cease, determine and be completely discharged and such registered owner 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, State of Illinois, upon surrender and cancellation of this bond as provided in the Twenty-Third 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, and the bonds of this series may, at the option of the registered owner and upon surrender at said office of the Trustee, be exchanged for registered bonds without coupons of this series of the same aggregate principal amount of other authorized denominations, all without charge (except for any stamp tax or other governmental charge).

No recourse shall be had for the payment of the principal of, or 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 such 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 the manual or facsimile signature of its President or one of its Vice Presidents and its corporate seal to be impressed or imprinted hereon, and attested by the manual or facsimile signature of its Secretary, or one of its Assistant Secretaries.

Dated: IOWA POWER AND LIGHT COMPANY

By _____
Senior Vice President

Attest:

Secretary

The form of Trustee's certificate to be endorsed on all Bonds of Twenty-Fifth Series shall be substantially as follows:

[FORM OF TRUSTEE'S CERTIFICATE]

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

HARRIS TRUST AND SAVINGS BANK,
as Trustee

By _____
Authorized Officer

SECTION 4. Bonds of Twenty-Fifth Series shall be exchangeable at the option of the registered owners thereof and upon surrender thereof at the principal office of the Trustee in the City of Chicago, State of Illinois, for Bonds of Twenty-Fifth Series of the same aggregate principal amount but of different authorized denomination or denominations. Such exchanges and any transfer will be made without service charge (except for any stamp tax or other governmental charge).

Every registered bond so surrendered for transfer 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 on such transfer power shall be guaranteed to the satisfaction of the Trustee. 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.

The Company shall not be required to make any such exchange or any transfer either (1) during a period of fifteen days next preceding any interest payment date, but only if there is an existing default in the payment of interest on the Bonds of Twenty-Fifth Series, or (2) after the bond so presented for exchange or transfer, or any portion thereof, has been drawn for redemption, but may do so at its option.

SECTION 5. Pending the preparation of definitive Bonds of Twenty-Fifth 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 typewritten bonds, in registered form, of any denomination specified in the written order of the Company for the authentication and delivery thereof and with such omissions, insertions and variations as may be determined by the Board of Directors of the Company. Such temporary bonds shall be substantially of the tenor of the bonds to be issued as hereinbefore recited, but such temporary bonds may, in lieu of the statement of the specific redemption prices required to be set forth in Bonds of Twenty-Fifth Series in definitive form, include a reference to this Twenty-Third Supplemental Indenture for a statement of such redemption prices.

If any such temporary Bonds of Twenty-Fifth 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.

SECTION 6. Definitive Bonds of Twenty-Fifth 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 TWENTY-FIFTH SERIES.

Bonds of Twenty-Fifth Series may be executed, authenticated and delivered from time to time as permitted by the provisions of Article III of the Indenture.

ARTICLE III.

COVENANT WITH RESPECT TO DIVIDENDS.

SECTION 1. The Company covenants that, after the date of delivery of this Twenty-Third Supplemental Indenture and so long as any Bonds of Twenty-Fifth 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 after giving effect to such dividend, distribution, purchase or redemption, the Company's earned surplus would be exhausted.

SECTION 2. The Company covenants that it will, so long as any Bonds of Twenty-Fifth Series are outstanding, file with the Trustee within four months after the close of the fiscal year concluding December 31, 1988, an earned surplus account for the fiscal year beginning January 1, 1988, and within four months after the close of each fiscal year beginning after December 31, 1988, an earned surplus account for such fiscal year. Each account so filed shall be certified by independent accountants to have been prepared in accordance with the provisions of this Article III.

ARTICLE IV.

THE TRUSTEES.

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Twenty-Third 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 Twenty-Third Supplemental Indenture other than as set forth in the Indenture; and this Twenty-Third 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 V.

MISCELLANEOUS PROVISIONS.

Except insofar 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 Twenty-Third Supplemental Indenture; and the Indenture as supplemented by the Eighth, Ninth, Tenth, Eleventh, Thirteenth, Fourteenth, Fifteenth, Sixteenth, Twenty-First, Twenty-Second and this Twenty-Third Supplemental Indenture is in all respects ratified and confirmed; and the Indenture and said Supplemental Indentures shall be read, taken and construed as one and the same instrument.

Nothing in this Twenty-Third 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 Twenty-Third Supplemental Indenture, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions of this Twenty-Third 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 Twenty-Third 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 Twenty-Third Supplemental Indenture," wherever used in this Twenty-Third Supplemental Indenture, shall mean the close of business on July 18, 1988.

This Twenty-Third 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 Twenty-Third 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 one of its Vice Presidents and its corporate seal to be hereunto affixed, duly attested by one of its Assistant Secretaries, and R. S. Stam has hereunto affixed his signature and seal, as of the day and year first above written.

IOWA POWER AND LIGHT COMPANY

By J. Paul Glahn
J. Paul Glahn, Senior Vice President

[CORPORATE SEAL]

Attest:

Keith D. Hartje
Keith D. Hartje, Secretary

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

J. S. Rozema
J. S. Rozema

C. A. Osier
C. A. Osier

HARRIS TRUST AND SAVINGS BANK,
Trustee

By J. L. Spreng
J. L. Spreng, Vice President

[CORPORATE SEAL]

Attest:

C. Potter
C. Potter, Assistant Secretary

Signed, sealed, acknowledged and delivered by HARRIS
TRUST AND SAVINGS Bank and R. S. Stam, in the presence of:

M. E. Onischak
M. E. Onischak

D. G. Donovan
D. G. Donovan

By R. S. Stam
R. S. Stam, Individual Trustee

[SEAL]

STATE OF IOWA }
 COUNTY OF POLK } ss:

On this 18th day of July A.D., 1988, before me, a Notary Public in and for said County, personally appeared J. Paul Glahn and Keith D. Hartje to me personally known, who being by me duly sworn did say that they are, respectively, Senior Vice President of IOWA POWER AND LIGHT COMPANY, an Iowa corporation, and the Secretary of said corporation; that the seal affixed to the foregoing 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 J. Paul Glahn and Keith D. Hartje 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 subscribed my name and affixed my official seal the day and year aforesaid.



Julie A. Williams
 Julie A. Williams, Notary Public
 My commission expires July 7, 1991

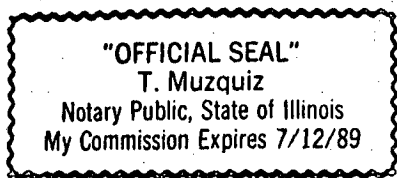
[NOTARIAL SEAL]

STATE OF ILLINOIS }
 COUNTY OF COOK } ss:

On this 15th day of July A.D., 1988, before me, a Notary Public in and for said County, personally appeared J. L. Spreng and C. Potter to me personally known, who being by me duly sworn did say that they are, respectively, a Vice President of HARRIS TRUST AND SAVINGS BANK, an Illinois corporation, and Assistant Secretary of said corporation; that the seal affixed to the foregoing 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 J. L. Spreng and C. Potter 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.

Further, on such day, before me personally appeared R. S. Stam, to me personally known to be the identical 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.



T. Muzquiz
 T. Muzquiz, Notary Public in and for said County.
 My commission expires July 12, 1989

[NOTARIAL SEAL]