IOWA SOUTHERN UTILITIES COMPANY

TO

THE NORTHERN TRUST COMPANY

AND

CHARLES H. CORY II

As Trustees

Compared

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MARY E. WELTY
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MADISON COUNTY, IOWA
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Supplemental Indenture

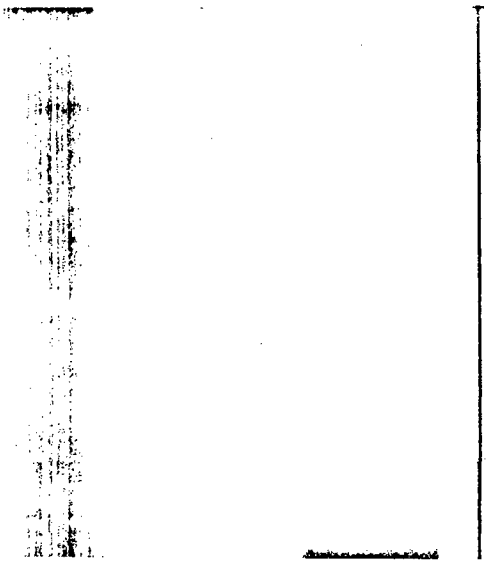
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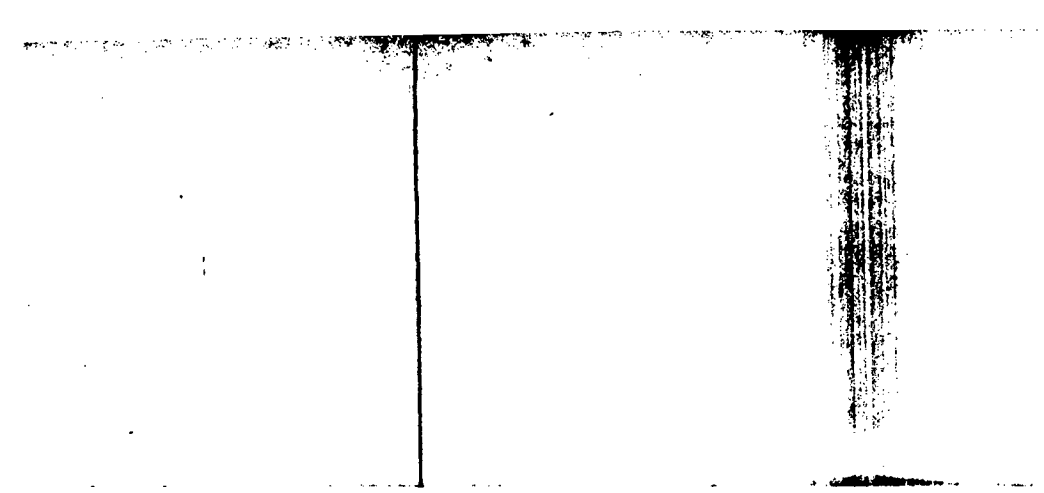
Providing for the Issuance of First Mortgage Bonds, 8½% Series due March 1, 2000, of Iowa Southern Utilities Company.

Chas. P. Young-Chicago

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This Supplemental Indenture dated as of the 1st day of March, 1980 between Iowa Southern Utilities Company, a corporation organized and existing under the laws of the State of Delaware (hereinafter sometimes called the "Company"), party of the first part, and The Northern Trust Company, a corporation organized and existing under the laws of the State of Illinois, and Charles H. Cory II, as Trustees (both of whom are hereinafter referred to as the "Trustees" and the first mentioned of whom is hereinafter referred to as the "Corporate Trustee" and the last mentioned of whom, together with his predecessors in the trust, Harold H. Rockwell, Sheldon A. Weaver and Thomas H. Jolls, is hereinafter referred to as the "Individual Trustee"), parties of the second part,

WITNESSETH:

WHEREAS, a certain Indenture of Deed of Trust (hereinafter sometimes termed the "Original Indenture") dated as the 1st day of February, 1923, was made between the Company, as party to the first part, and The Northern Trust Company and Harold H. Rockwell, as Trustees, as parties of the second part, whereby the Company mortgaged and pledged to the said Trustees and their successors in the trust and assigns, all and singular its properties, real, personal and mixed, then owned, or which might thereafter be acquired (except certain property expressly excepted and reserved from the lien thereof), for the purpose of securing the payment of the principal and interest of all bonds at any time issued and outstanding under the Original Indenture and to secure the performance and observance of all the covenants and conditions upon which the said bonds might be issued, received and held, in trust, and subject to the agreements, covenants and conditions expressed in the Original Indenture, which Original Indenture has been duly recorded in the following counties, in the State of Iowa, to wit: Clark, Davis, Monroe, Union, Lucas, Louisa, Ringgold, Appanoose, Keokuk, Wayne, Taylor, Poweshiek, Jasper, Washington, Des Moines, Decatur, Wapello, Jefferson, Adams, Mahaska, Madison, Adair, Henry, Warren, Marshall, Muscatine, Lee, Polk and Woodbury, and

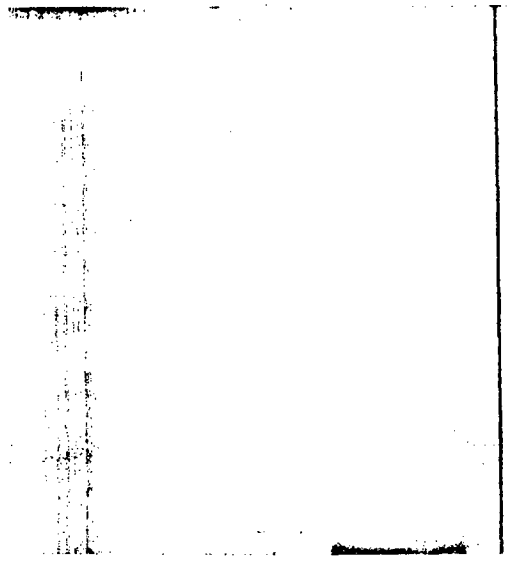
WHEREAS, pursuant to the provisions of Section 4 of Article XIV of the Original Indenture by an instrument in writing dated April 10, 1939, duly executed by The Northern Trust Company as Trustee, by its Vice-President under its seal, said Harold H. Rockwell was removed as Individual Trustee under the Original Indenture and S. A. Weaver (Sheldon A. Weaver), an officer of said The Northern Trust Company, was appointed successor in trust to the said Individual Trustee, and

WHEREAS, pursuant to the provisions of Sections 17.15, 17.16 and 17.17 of Article XVII of the Supplemental Indenture dated October 2, 1945 of the Amended Indenture, as hereinafter described, by an instrument in writing dated February 2, 1961 duly executed by The Northern Trust Company as Trustee by its Vice-President under its seal, the resignation of the said Sheldon A. Weaver as Individual Trustee was accepted and Thomas H. Jolls, an officer of said The Northern Trust Company, was appointed successor in trust to the said Individual Trustee, and whereas the said Thomas H. Jolls accepted such appointment upon the same date, and

WHEREAS, pursuant to the provisions of Sections 17.15, 17.16 and 17.17 of Article XVII of the Supplemental Indenture dated October 2, 1945 of the Amended Indenture, as hereinafter described, by an instrument in writing dated January 9, 1968 duly executed by The Northern Trust Company as Trustee by its Vice President under its seal, the resignation of said Thomas H. Jolls as Individual Trustee was accepted and Charles H. Cory II, an officer of said The Northern Trust Company, was appointed successor in trust to the said Individual Trustee, and WHEREAS the said Charles H. Cory II accepted such appointment upon the same date, and

WHEREAS, heretofore and at various times the Company has duly executed and delivered to The Northern Trust Company and Harold H. Rockwell or Sheldon A. Weaver or Thomas H. Jolls or Charles H. Cory II, as Trustees, various supplemental indentures to the Original Indenture, including in particular a supplemental indenture to the Original Indenture dated as of October 2, 1945, assented to by the holders of all the bonds at the time outstanding under the Original Indenture (other than bonds called for redemption with funds deposited with the Corporate Trustee), wherein and whereby the Original Indenture was modified and amended, certain property was released from the lien of the Original Indenture, and all articles, covenants and provisions thereof subsequent to the granting clauses thereof were rewritten as Articles I to XXII, inclusive (the said Original Indenture as so modified and amende being herein termed the Amended Indenture), and

WHEREAS, all mortgages or trust indentures prior in lien to the lien of the Original Indenture or the Amended Indenture have been satisfied and discharged of record and the Original Indenture and the Amended Indenture are now a first mortgage lien upon the properties subject thereto, and



WHEREAS, all bonds hereto issued under the Original Indenture or the Amended Indenture have, as of March 1, 1980, been retired except (i) $2,500,000 aggregate principal amount of First Mortgage Bonds, 3% Series due September 1, 1980, (ii) $7,000,000 aggregate principal amount of First Mortgage Bonds, 3⅞% Series due February 1, 1983, (iii) $4,900,000 aggregate principal amount of First Mortgage Bonds, 4⅜% Series due September 1, 1992, (iv) $8,000,000 aggregate principal amount of First Mortgage Bonds, 6⅛% Series due June 1, 1997, (v) $10,000,000 aggregate principal amount of First Mortgage Bonds, 7⅜% Series due February 1, 2003, (vi) $10,000,000 aggregate principal amount of First Mortgage Bonds, 10% Series due February 1, 2000, (vii) $10,000,000 aggregate principal amount of First Mortgage Bonds, 9¼% Series due July 1, 2005, (viii) $10,000,000 aggregate principal amount of First Mortgage Bonds, 5.95% Series, due February 1, 2007, (ix) $15,000,000 aggregate principal amount of First Mortgage Bonds, 8¾% Series, due January 1, 2008, and (x) $15,000,000 aggregate principal amount of First Mortgage Bonds, 9⅞% Series, due March 1, 1987 and the Company desires and intends to issue under the provisions of the Amended Indenture $2,400,000 aggregate principal amount of bonds of a series to be created by this Supplemental Indenture, and

WHEREAS, the Amended Indenture provides, in Sections 2.02 and 2.03 thereof, that bonds may be issued thereunder in series and for the execution and delivery of a supplemental indenture setting forth the general form of the bonds of such series, whether coupon bonds or registered bonds without coupons or both, which it shall be determined to issue and the general form of coupon appertaining to the coupon bonds of such series and that the text thereof so set forth shall conform substantially to the tenor and purport of the general form of coupon bond, general form of registered bond without coupons and general form of coupon set forth in Section 14 of Article II of the Original Indenture as heretofore amended by the Supplemental Indenture dated as of May 2, 1940, with such additional and other "variable provisions of series" as may be fixed for the particular series provided for in such supplemental indenture, and

WHEREAS, the Company desires, pursuant to the provisions of Section 2.03 and Section 22.03 of the Amended Indenture to provide, by the execution and delivery of this Supplemental Indenture, for the issuance under the Amended Indenture of registered bonds without coupons of a series to be designated "First Mortgage Bonds, 8½% Series due March 1, 2000," to be

substantially in the form and to contain the terms and provisions hereinafter set forth; and to assign, convey, mortgage, pledge, transfer and set over unto the Trustees additional property or properties of the Company acquired by the Company subsequently to the execution and delivery of the Original Indenture and not heretofore specifically described in the Original Indenture or any indenture supplemental thereto or in the Amended Indenture for the purpose of confirming the lien of the Original Indenture and the Amended Indenture thereon; to provide for the redemption and redemption prices of the bonds of such Series, to add to the covenants contained in the Amended Indenture certain additional covenants in respect of the bonds of such Series hereafter to be observed by the Company, and

WHEREAS, pursuant to a Loan Agreement No. 1 dated as of March 1, 1980 (the "Loan Agreement") between the City of Chillicothe, Iowa (the "City") and the Company:

(a) The City will issue $2,400,000 aggregate principal amount of Pollution Control Revenue Bonds (Iowa Southern Utilities Company Project) Series 1980A (the "1980A Series Pollution Control Bonds") pursuant to the terms of an Indenture of Trust No. 1 dated as of March 1, 1980 (the "City Indenture") between the City and Union Bank and Trust Company, in Ottumwa, Iowa, as trustee (hereinafter together with any successor trustee called the "City Trustee") and lend the proceeds thereof to the Company;

(b) The Company will issue $2,400,000 aggregate principal amount of First Mortgage Bonds, 8½% Series due March 1, 2000 to the City Trustee, as the City's assignee, to repay said loan and as security for the payment of the principal of and premium, if any, and the interest on the 1980A Series Pollution Control Bonds;

(c) Any payments received by the City Trustee on account of principal of, or interest or premium on, the First Mortgage Bonds, 8½% Series due March 1, 2000 are to be applied by the City Trustee to the payment of corresponding amounts of principal of, or interest or premium on, the 1980A Series Pollution Control Bonds; and any payments received by the City Trustee on account of principal of, or interest or premium on, the 1980A Series Pollution Control Bonds, through funds other than such payments received by it on account of principal of, or interest or premium on, the First Mortgage Bonds, 8½% Series due March 1, 2000 shall constitute full payment of corresponding amounts of principal of, or interest or premium on, the First

Mortgage Bonds, 8½% Series due March 1, 2000, and any receipt by the City Trustee of any 1980A Series Pollution Control Bonds for cancellation shall constitute full payment of the principal of, and interest and premium on, a corresponding amount of First Mortgage Bonds, 8½% Series due March 1, 2000, except to the extent that such payment has already been effected pursuant to the provisions of the agreements summarized earlier in this clause (c); and

(d) Pursuant to the Loan Agreement and the City Indenture additional bonds (which, together with the 1980A Series Pollution Control Bonds, are sometimes herein referred to as the "Pollution Control Bonds") may be issued under the City Indenture which will rank pari passu with the 1980A Series Pollution Control Bonds and be equally and ratably secured by and entitled to the protection of the City Indenture and such additional bonds, if any, are to be secured by additional First Mortgage Bonds to be issued by the Company under the Amended Indenture;

WHEREAS, the execution and delivery of this Supplemental Indenture and the issue of bonds as in this Supplemental Indenture and the Amended Indenture provided have been duly authorized by resolutions duly adopted by the Board of Directors of the Company, and

WHEREAS, all things necessary to make said bonds, when duly issued and executed by the Company and authenticated and delivered by the Corporate Trustee, valid, binding and legal obligations of the Company and to make the Amended Indenture and this Supplemental Indenture valid, binding and legal instruments for the security thereof have been done and performed, and

WHEREAS, the issue of said bonds as in this Supplemental Indenture and the Amended Indenture provided has been in all respects duly authorized;

Now, THEREFORE, Iowa Southern Utilities Company in consideration of the premises and of One Dollar ($1.00) to it paid by the Trustees at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, for the purposes hereinabove recited, and in particular for the purpose of creating a series of bonds to be designated "First Mortgage Bonds, 8½% Series due March 1, 2000" and establishing the form and terms thereof, does hereby covenant to and with the Trustees, as follows:

ARTICLE I.

PROVISIONS IN RESPECT OF THE BONDS OF THE 8½% SERIES DUE MARCH 1, 2000

SECTION 1. There is hereby created for issuance under the provisions of the Amended Indenture a series of bonds designated "First Mortgage Bonds, 8½% Series due March 1, 2000" to be evidenced by a single registered bond without coupons, hereinafter termed bonds of said 8½% Series due March 1, 2000 or bonds of said Series or the single bond of said Series.

SECTION 2. In accordance with the provisions of Sections 2.02 and 2.03 of the Amended Indenture the following "variable provisions of series" are hereby fixed for the bonds of said 8½% Series due March 1, 2000 and shall be appropriately expressed in the bonds of said Series and in the general forms thereof hereinafter set forth:

(a) The designation of said Series is 8½% Series due March 1, 2000 and the full title to be borne by the bonds of said Series is "First Mortgage Bonds, 8½% Series due March 1, 2000."

(b) The date to be borne by the bonds of said Series is as provided in the Amended Indenture. The date of the single bond of said Series initially issued shall be March 1, 1980.

(c) The date of maturity of the bonds of said Series is March 1, 2000.

(d) The rate of interest to be borne by the bonds of said Series is eight and one half percent (8½%) per annum from the date thereof until the Company's obligation with respect to the payment of the principal amount thereof shall be discharged. To the extent that the payment thereof is enforceable under applicable law, interest at the rate of 8½% per annum shall be payable on overdue installments of interest on the bonds of said Series.

(e) Payment of interest on the bonds of said Series shall be made on March 1 and September 1 of each year, commencing September 1, 1980.

(f) The principal of and premium, if any, and interest on the bonds of said Series shall be payable in funds immediately available at the place of payment on or before the date that payment thereof is due.

(g) The place for the payment of the principal of and premium, if any, and interest on the bonds of said Series is the principal corporate trust office of the City Trustee.

(h) The maximum aggregate principal amount of bonds of said Series that may be issued under the Amended Indenture is Two Million Four Hundred Thousand Dollars ($2,400,000) provided that this subdivision (h) shall not be deemed or construed to affect the amount of bonds of said Series that may be issued upon transfer of or in exchange for bonds previously outstanding or that may be issued pursuant to Section 2.12 of the Amended Indenture in lieu of lost, stolen, destroyed or mutilated bonds of said Series.

(i) The bonds of said Series shall be issuable as a single registered bond without coupons of the denomination of $2,400,000.

(j) The place for the registration of the bonds of said Series shall be the office of the Corporate Trustee, or its successor as such Corporate Trustee, in the City of Chicago, State of Illinois.

(k) The bonds of said Series shall be exchangeable only upon transfer as hereinafter provided and shall be issued in the denomination of $2,400,000, but all payments of principal theretofore made on the bonds of said Series shall be duly noted thereon by the Trustee.

(l) The bonds of said Series shall not be redeemable prior to maturity except as set forth in Section 3 hereof. In each case of redemption of all or a part of the bonds of said Series notice of intention to redeem shall be sufficiently given if mailed not less than thirty nor more than ninety days before the date fixed for redemption, first class mail postage prepaid (by certified or registered mail if the Company so elects) to the City Trustee at its address as listed on the registration books. Except as otherwise herein provided the redemption of the bonds of said Series shall be subject to the provisions of the Amended Indenture.

No transfer of any bond of said Series shall be valid unless made by the City Trustee and noted on the books of the Company to be kept for that purpose at the office of the Corporate Trustee in the City of Chicago, State of Illinois, and similarly noted on such bond and then only for the purpose of transfer to a successor City Trustee.

The City Trustee, by acceptance of the single bond of said Series shall agree to make prompt notation thereon of all prepayments on account of principal thereof made or occurring under any provision of the Loan Agreement, the City Indenture or this Supplemental Indenture, and to surrender said bond to the Corporate Trustee upon final payment thereof. If and to the extent payment of the 1980A Series Pollution Control Bonds is deemed to

have been made pursuant to the terms of the City Indenture, payment of the bonds of said 8½% Series due March 1, 2000 shall be deemed to have been made to the same extent.

The text of the bonds of said Series shall conform substantially to the form of bond of said Series hereinafter set forth.

[GENERAL FORM OF FACE OF REGISTERED BOND OF 8½% SERIES DUE MARCH 1, 2000]

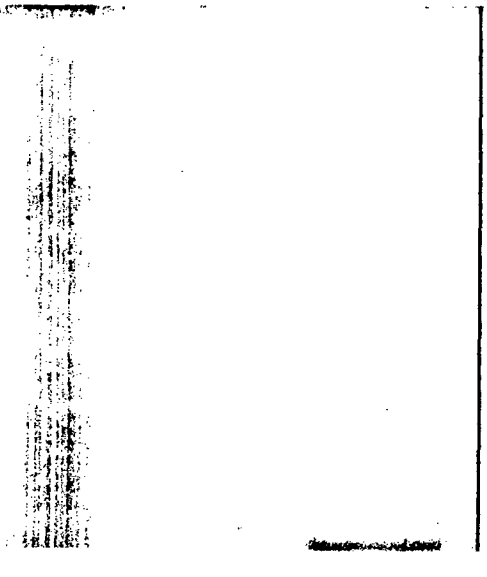
IOWA SOUTHERN UTILITIES COMPANY
(Incorporated under the laws of the State of Delaware)

First Mortage Bond, 8½% Series due March 1, 2000

No. $2,400,000

Iowa Southern Utilities Company, a corporation organized and existing under and by virtue of the laws of the State of Delaware (hereinafter called the "Company"), for value received, hereby promises to pay to Union Bank and Trust Company, in Ottumwa, Iowa, as trustee (the "City Trustee") under an Indenture of Trust No. 1 (the "City Indenture") dated as of March 1, 1980 between the City of Chillicothe, Iowa (the "City") and the City Trustee, or its successor as such trustee (except as the context otherwise requires, the term "City Trustee" shall hereinafter be deemed to include any such successor trustee), at the principal corporate trust office of said City Trustee in immediately available funds, the sum of Two Million Four Hundred Thousand Dollars ($2,400,000) on March 1, 2000, together with interest from March 1, 1980 on the unpaid principal amount of this bond at the rate of 8½% per annum until the Company's obligation with respect to the payment of such principal shall be discharged, such interest to be paid semi-annually in arrears on the first days of March and September commencing September 1, 1980. To the extent that the payment thereof is enforceable under applicable law, interest at the rate of 8½% per annum shall be payable on overdue installments of interest on this bond.

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



The provisions of this bond are continued on the reverse hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, IOWA SOUTHERN UTILITIES COMPANY has caused these presents to be executed in its name and behalf by the manual or facsimile signature of its President or one of its Vice Presidents and its corporate seal, or a facsimile thereof, to be hereunto affixed and attested by the manual or facsimile signature of its Secretary or one of its Assistant Secretaries as of

IOWA SOUTHERN UTILITIES COMPANY,

By _____
President.

ATTEST:

_____
Secretary.

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

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

THE NORTHERN TRUST COMPANY,
AS CORPORATE TRUSTEE

By _____
Authorized Officer.

[FORM OF REVERSE OF BONDS]

This bond is the single registered bond evidencing a duly authorized issue of bonds of the Company, known as its First Mortgage Bonds, of the series and designation indicated on the face hereof, all issued and to be issued under and equally secured (except in so far as a sinking fund, or similar

fund, established in accordance with the provisions of the Indenture hereinafter mentioned may afford additional security for the bonds of any specific series) by an Indenture dated February 1, 1923, executed by the Company to The Northern Trust Company and Harold H. Rockwell, as Trustees (who, together with their successors, as of any particular time, in the trusts reposed in them, are herein called the Trustees and the former of whom, together with its successor as of any particular time, in the trusts reposed in it, is herein called the "Corporate Trustee"), as amended by the Supplemental Indenture dated October 2, 1945 and the Supplemental Indenture dated October 2, 1953, and supplemented by the Supplemental Indenture dated October 1, 1945, the Supplemental Indenture dated January 1, 1948 and the Supplemental Indenture dated September 1, 1950, and as amended and supplemented by the Supplemental Indenture dated February 1, 1953, and as amended and supplemented by the Supplemental Indendure dated August 1, 1957, and as supplemented by the Supplemental Indenture dated September 1, 1962, and as supplemented by the Supplemental Indenture dated June 1, 1967, and as supplemented by the Supplemental Indenture dated February 1, 1973, and as amended and supplemented by the Supplemental Indenture dated February 1, 1975, and as supplemented by the Supplemental Indentures dated July 1, 1975 and September 2, 1975, and as amended by the Supplemental Indenture dated March 10, 1976, and as supplemented by the Supplemental Indenture dated February 1, 1977, and as supplemented by the Supplemental Indenture dated January 1, 1978, and as supplemented by the Supplemental Indenture dated March 1, 1979, and as supplemented by the Supplemental Indenture dated March 1, 1980 creating the series of bonds designated 8½% Series due March 1, 2000, which series is limited to the aggregate principal amount of Two Million Four Hundred Thousand Dollars ($2,400,000) (such Indenture, as amended and supplemented, being herein called the "Indenture"). Reference is hereby made to the Indenture for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds as to such security, and the terms and conditions upon which the bonds may be issued under the Indenture and are secured. The principal hereof may be declared or may become due on the conditions, in the manner and at the time set forth in the Indenture, upon the happening of a default or certain other events as in the Indenture provided.

This bond is issued to the City Trustee as security for the payment by the Company of amounts sufficient to pay the principal of, and interest and

premium on, a like amount of bonds (the "1980A Series Pollution Control Bonds") issued under the City Indenture pursuant to a Loan Agreement No. 1 dated as of March 1, 1980 between the City and the Company (the "Loan Agreement"). The holder of this bond by acceptance hereof agrees that whenever any prepayment (which term shall be deemed to include redemption) on account of the principal of this bond is made or occurs under any provision of the Indenture, the Loan Agreement or the City Indenture, the holder hereof shall promptly note on the Schedule of Prepayments of Principal the date and amount of each such prepayment of principal, and shall promptly notify the Corporate Trustee of the amount of each such prepayment and that the notation of prepayment has been duly made. The holder of this bond further agrees to surrender this bond to the Corporate Trustee for cancellation when all principal of, premium, if any, and interest on this bond shall have been duly paid. The holder of this bond further agrees that if and to the extent payment of the 1980A Series Pollution Control Bonds is deemed to have been made pursuant to the provisions of the City Indenture, payment of this bond shall be deemed to have been made to the same extent.

Unless payment then is or has been deemed made, as described in the foregoing paragraph, the principal of and premium, if any, and interest on this bond will be paid in lawful money of the United States of America and will be payable at the principal corporate trust office of the City Trustee to the City Trustee for the account of the City in immediately available funds at said office of the City Trustee, in each case on or prior to the due date for such payment. The holder of this bond by acceptance hereof agrees that any such payment of principal, premium or interest on this bond shall be credited as and used to make a corresponding payment of principal, premium or interest on the 1980A Series Pollution Control Bonds.

The bonds of said 8½% Series due March 1, 2000 shall not be redeemable prior to March 1, 1990, except that if at any time (1) the Company shall elect to redeem the bonds of said Series and to cause the 1980A Series Pollution Control Bonds to be redeemed upon the occurrence of an event specified in Section 3(1) of Article I of the Supplemental Indenture dated March 1, 1980 or (2) the Company shall be obligated to redeem the bonds of said Series and to cause 1980A Series Pollution Control Bonds to be redeemed upon the occurrence of an event specified in Section 3(2) of Article I of said Supplemental Indenture, in any such event this bond shall be redeemed by the Company in whole, but not in part (except that upon the occurrence of the

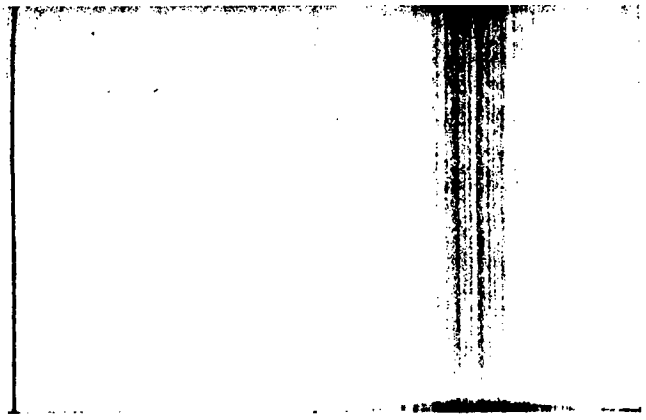
event specified in paragraph (c) of Section 3(2) of Article I of said Supplemental Indenture this bond shall be redeemed in whole or in part) at 100% of the principal amount hereof being redeemed plus accrued interest thereon to the redemption date, determined as set forth in Sections 3(1), 3(2) and 3(3) of Article I of said Supplemental Indenture. The principal amount of the bond to be redeemed at any time upon the occurrence of the event specified in paragraph (c) of said Section 3(2) shall be the same as the principal amount of 1980A Series Pollution Control Bonds to be redeemed at such time as the result of the occurrence of such event.

This bond shall be redeemed by the Company on or after March 1, 1990, in whole at any time, or in part on any interest payment date, if but only if the Company shall have elected to cause 1980A Series Pollution Control Bonds of like principal amount to be redeemed on the same redemption date in accordance with the second paragraph of Section 3.01 of the City Indenture. Such redemption shall be at the price (expressed as a percentage of principal amount) determined in accordance with the following table plus accrued interest to the redemption date:

If redemption date is during twelve-month period beginning March 1	Redemption Price
1990	103 %
1991	102½
1992	102
1993	101½
1994	101
1995	100½
1996 and thereafter	100

In each case where this bond is to be redeemed in whole or in part as contemplated herein notice shall be given by mail, as provided in the Indenture, to the holder of record of this bond not less than thirty nor more than ninety days before the date fixed for redemption, unless such notice has been waived in writing by the City Trustee.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, the rights and obligations of the Company and/or of the holders of the bonds and/or coupons, and/or the terms and provisions of the Indenture and/or of any instruments supplemental thereto, may be modified or altered by the affirmative vote of the holders of at least eighty per cent (80%) in principal amount of the bonds then outstanding under the



Indenture and any instruments supplemental thereto (excluding bonds challenged and disqualified from voting by reason of the Company's interest therein as provided in the Indenture); provided that no such modification or alteration intended to effect or permit the extension of the maturity of the principal of any bond or the reduction in the rate of interest thereon or any other modification in the terms of payment of such principal or interest or the taking of certain other action, as more fully set forth in the Indenture, shall be effective as to any bond the holder of which has not assented to such modification or alteration.

The Company and the Trustees may deem and treat the City Trustee as the absolute owner of the outstanding bonds of said Series for the purpose of receiving payment of or on account of the principal hereof and interest and premium, if any, hereon and for all other purposes, and shall not be affected by any notice to the contrary.

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

Before any transfer of this bond by the City Trustee or its legal representative will be recognized or given effect by the Company or the Corporate Trustee, the City Trustee shall note hereon the date to which interest has been paid as well as the amounts of all principal prepayments hereon, and shall notify the Company and the Corporate Trustee of the name and address of the transferee and shall afford the Company and the Corporate Trustee the opportunity of verifying the notation as to payment of interest and principal.

Each registered owner hereof by his acceptance hereof waives any right to exchange any unpaid portion of this bond for another bond under the Indenture.

This bond has not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in contravention of said Act and is not transferable except to a successor trustee under the City Indenture or in the exercise of rights and remedies consequent upon an event of default thereunder.

SCHEDULE OF PREPAYMENTS OF PRINCIPAL

Principal Amount Prepaid	Date Prepaid	Authorized Official and Title

(NOTICE: The within bond may not be transferred until this schedule has been verified by the Corporate Trustee.)

[End of Bond Form]

SECTION 3. The bonds of said 8½% Series due March 1, 2000 are non-callable for redemption prior to maturity, except as provided in this Section 3.

(1) The Company shall have the option to redeem the bonds of said 8½% Series due March 1, 2000 in whole, but not in part, upon the occurrence of any of the following events:

(a) all or substantially all of the Project, as defined in the Loan Agreement, shall be damaged or destroyed and the Company shall determine that it is not practicable or desirable to rebuild, repair and restore the Project; or

(b) all or substantially all of the Project shall be condemned or such use or control thereof shall be taken by eminent domain so as to render the Project unsatisfactory to the Company for continued operation; or

(c) unreasonable burdens or excessive liabilities shall be imposed upon the City or the Company with respect to the Project or the operation thereof.

In the case of any of the events stated in this Section 3(1), the Company, if it elects to redeem, must redeem within 180 days after such event.

(2) The Company shall be obligated to redeem the bonds of said 8½% Series due March 1, 2000 in whole (or, in the case of the event stated in (c) below, in whole or in part) upon the occurrence of any of the following events:

(a) as a result of any changes in the Constitution of Iowa or in the Constitution of the United States of America or of legislative or administrative action (whether state or federal), or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Company in good faith, the Loan Agreement shall have become impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement; or

(b) all or substantially all of the property of the Company used or useful in the electric utility business of the Company shall be taken by the exercise of the power of eminent domain, under circumstances requiring redemption under Section 1 of Article III of the Supplemental Indenture dated October 1, 1945 of all of the bonds issued under the Original Indenture and the Amended Indenture; or

(c) a final determination by the Internal Revenue Service or a court of competent jurisdiction, as a result of a proceeding in which the Company participates to the degree it deems sufficient, which determination the Company, in its discretion, does not contest by an appropriate proceeding, that, as a result of failure by the Company to observe any covenant, agreement or representation by the Company in the Loan Agreement, the interest payable on the 1980A Series Pollution Control Bonds or any of them is includable for Federal income tax purposes in the gross income of any holder of a 1980A Series Pollution Control Bond (other than a holder who is a "substantial user" of the Facilities, as defined in the 1980A Series Pollution Control Bonds, or a "related person" within the meaning of Section 103(b)(8) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder); or

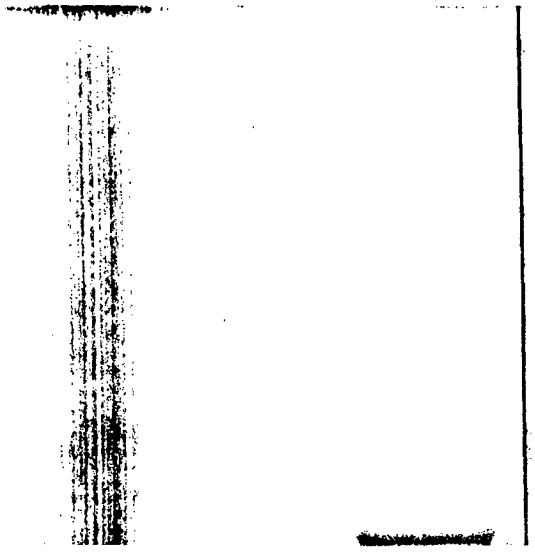
(d) the City Trustee has declared the principal of all the Pollution Control Bonds outstanding under the City Indenture and the interest accrued and to accrue thereon to the accelerated maturity date to be due and payable under the first paragraph of Section 9.02 of the City

Indenture and has notified the Company and the Corporate Trustee of such declaration pursuant to the last paragraph of Section 9.12 of the City Indenture.

In the case of any event stated in (a) or (c) of this Section 3(2), the Company must satisfy its obligation by redeeming within 180 days after such event. In the case of the event stated in (b) of this Section 3(2), the Company must satisfy its obligation by redeeming on the date selected pursuant to Section 1 of Article III of the Supplemental Indenture dated October 1, 1945, which shall be a date not more than ninety (90) days after the date on which the proceeds of such taking by eminent domain shall have been received by the Company. In the case of the event stated in (d) of this Section 3(2), the Company must satisfy its obligation by redeeming on the date fixed for the accelerated maturity of the Pollution Control Bonds in the City Trustee's declaration pursuant to the first paragraph of Section 9.02 of the City Indenture, which date shall be not less than forty-five (45) nor more than sixty (60) days after the date of such declaration.

The principal amount of the bonds of said Series to be redeemed at any time upon the occurrence of the event specified in (c) of this Section 3(2) shall be the same as the principal amount of 1980A Series Pollution Control Bonds to be redeemed at such time as a result of the occurrence of such event.

(3) To exercise the option granted in Section 3(1) hereof or the obligation set forth in (a) or (c) of Section 3(2) hereof, the Company shall, within ninety (90) days following the event authorizing or requiring the exercise of such option or obligation, given written notice to the City, the City Trustee and the Corporate Trustee. Such notice shall (i) request the City Trustee to give notice of redemption of outstanding 1980A Series Pollution Control Bonds in accordance with the provisions of the City Indenture, (ii) specify a date for the redemption of the 1980A Series Pollution Control Bonds, which date shall be not less than forty-five (45) days, or such lesser period as the City and the City Trustee shall consent to in writing, or more than ninety (90) days subsequent to such written notice, so as to allow the City Trustee time to give the required notice of redemption to the holders of the 1980A Series Pollution Control Bonds in accordance with the provisions of the City Indenture and (iii) specify the date for the redemption of bonds of said 8½% Series due March 1, 2000 which shall be the same as the redemption date for the 1980A Series Pollution Control Bonds.



To exercise the obligation set forth in (b) of Section 3(2) hereof, the Company shall within forty-five (45) days after the date on which the proceeds from such taking shall have been received by the Company give written notice to the City, the City Trustee and the Corporate Trustee. Such notice shall (i) request the City Trustee to give notice of redemption of the outstanding 1980A Series Pollution Control Bonds in accordance with the provisions of the City Indenture, (ii) specify a date for redemption of the 1980A Series Pollution Control Bonds, which date shall be not less than forty-five (45) days subsequent to such written notice, or such lesser period as the City and the City Trustee shall consent to in writing, and not more than ninety (90) days after the date on which the proceeds from such taking shall have been received by the Company, so as to allow the City Trustee time to give the required notice of redemption to the holders of the 1980A Series Pollution Control Bonds in accordance with the provisions of the City Indenture, and (iii) specify the date for the redemption of the bonds of said 8½% Series due March 1, 2000 which shall be the same as the redemption date for the 1980A Series Pollution Control Bonds.

The procedure for the exercise of the obligation set forth in (d) of Section 3(2) hereof shall be instituted when the City Trustee gives the notice required by the last paragraph of Section 9.12 of the City Indenture, the date for the redemption of the bonds of said 8½% Series due March 1, 2000 being automatically fixed for the same date as the accelerated maturity date fixed for the Pollution Control Bonds.

Bonds of said 8½% Series due March 1, 2000 being redeemed pursuant to the provisions of Sections 3(1) or 3(2) hereof shall be redeemed at 100% of the principal amount thereof being redeemed plus accrued interest thereon to the redemption date.

(4) The Company shall have the option to redeem the bonds of said 8½% Series due March 1, 2000 on or after March 1, 1990, in whole at any time, or in part on any interest payment date, if but only if the Company shall have elected to cause 1980A Series Pollution Control Bonds of like principal amount to be redeemed on the same redemption date in accordance with the second paragraph of Section 3.01 of the City Indenture. To exercise an option granted in this Section 3(4), the Company shall give written notice to the City, the City Trustee and the Corporate Trustee which shall specify therein the date upon which redemption will be made and the principal amount of such redemption, which date shall be not less than 45 days, or such lesser

period as the City and the City Trustee shall consent to in writing, from the date the notice is mailed. Redemption shall be effective pursuant to this option if but only if the City and the City Trustee, at the request of the Company, shall have taken all steps (other than the payment of the money required for such redemption) under applicable provisions of the City Indenture necessary to effect redemption of a like aggregate principal amount of the then outstanding 1980A Series Pollution Control Bonds in accordance with the second paragraph of Section 3.01 of the City Indenture. Redemptions hereunder shall be at the redemption price (expressed as a percentage of principal amount) determined in accordance with the following table plus accrued interest to the redemption date:

If the redemption date is during the twelve months beginning March 1	Redemption Price
1990	103 %
1991	102½
1992	102
1993	101½
1994	101
1995	100½
1996 and thereafter	100

SECTION 4. The Company hereby appoints The Northern Trust Company, and its successor from time to time as Corporate Trustee under the Amended Indenture, as agent of the Company, with the title of Registrar, for the registration and transfer of bonds of said 8½% Series due March 1, 2000.

ARTICLE II.
DESCRIPTION OF ADDITIONAL PROPERTY SUBJECT TO LIEN.

SECTION 1. For the purpose of confirming the lien of the Original Indenture and the Amended Indenture on the properties hereinafter described the Company has granted, bargained, sold, warranted, conveyed, transferred, mortgaged, pledged and assigned and does hereby grant, bargain, sell, warrant, convey, transfer, mortgage, pledge and assign unto the Trustees and to their respective successors in the trust, upon the terms of the Original Indenture as heretofore supplemented and amended, the following described parcels of real property and other properties owned by the Company in the following Counties of the State of Iowa, respectively.

DECATUR COUNTY
Real Estate

All of the following described pieces, parcels, lots and tracts of land situate, lying and being in the County of Decatur, State of Iowa, to-wit:

That part of the Southwest Quarter of the Southeast Quarter (SW¼ SE¼) of Section 29, Township 69 North, Range 25 West of the Fifth Principal Meridian, Decatur County, Iowa, described as follows:

Beginning at a point on the North line of said Southwest Quarter of the Southeast Quarter (SW¼ SE¼) of Section 29, distant 50 feet radially distant and Northwesterly of the track center line of Burlington Northern Inc.'s St. Joseph, Missouri to Humeston, Iowa Branch line; thence Southerly, parallel and concentric with said track center line to the intersection with the South line of said Southwest Quarter of the Southeast Quarter (SW¼ SE¼) of Section 29; thence Westerly along said South line to a point distant 200 feet radially distant and Southwesterly of said track center line of said branch line; thence Northerly, parallel and concentric with said track center line to the intersection with said North line of the Southwest Quarter of the Southeast Quarter (SW¼ SE¼) of Section 29; thence Easterly along said North line to the point of beginning.

SUBJECT to easements of record, if any.

An irregular shaped parcel of land in the Southeast (SE) corner of the Northwest Quarter (NW ¼) of the Southeast Quarter (SE ¼) of Section 33, Township 69 North, (T-69-N), Range 27 West (R-27-W) of the 5th P.M., Decatur County, Iowa, described as:

Commencing at the Southeast (SE) corner of Section 33, above Township and Range, thence North 1395 feet to the centerline of State Highway #2, thence West—Southwesterly (W-SWly) along the centerline of said Highway #2 1695.4 feet to State Highway stationing 1167+00, thence Northerly (Nly) 80 feet to the North (N) boundary of State Highway #2 to point of beginning.

Thence Northerly (Nly) at right angle to Highway #2 at Highway stationing 1167+00 220 feet, thence Easterly (Ely) parallel to and 300 feet distant from the centerline of said highway a distance of 300 feet (said point being Northerly (Nly) of Highway stationing 1170+00) thence Southerly (Sly) 160 feet, thence Westerly (Wly) along the Northern (N) boundary of State

Highway #2 to place of beginning, containing 1.24 acres of land, more or less.

Subject to: 1) Iowa real estate taxes;

2) Assessments, easements, covenants, restrictions and encumbrances of record;

3) Highways and legal rights of way;

4) Ditches and drains, if any, and all rights therein.

LUCAS COUNTY
Real Estate

All of the following described pieces, parcels, lots and tracts of land situate, lying and being in the County of Lucas, State of Iowa, to wit:

A tract of land in the Northwest Quarter of the Southwest Quarter of Section Number Eight (8), Township Number Seventy-two (72) North, Range Number Twenty-one (21) West of the 5th P. M. in Lucas County, Iowa, described as follows:

Commencing at the Northeast (NE) Corner of the Northwest Quarter of the Southwest Quarter (NW¼ SW¼) of Section Eight (8), Township Seventy-two (72), Range Twenty-one (21) in Lucas County, Iowa; said commencing point being on the North-South (N-S) centerline of State Highway Fourteen (14), thence South (S) Two Hundred and Sixty-one (261) feet, thence West (W) Fifty (50) feet to the West (W) margin of said Highway Fourteen (14) to the point of beginning, thence South (S) Six Hundred and Fifty (650) feet to the existing Northwesterly (NWly) fence, thence Northwesterly (NWly) Nine Hunderd and Twenty (920) feet, thence East (E) Six Hundred and Fifty (650) feet, to the point of beginning containing 4.85 Acres of land, more or less;

Subject to easements of record.

ARTICLE III.
MISCELLANEOUS

SECTION 1. The Company covenants and agrees that so long as any of the bonds of said 8½% Series due March 1, 2000 shall be outstanding the provisions of Sections 12.01 to 12.05, inclusive, or Article XII of the

Amended Indenture relating to the Maintenance Fund therein provided, as amended by the Supplemental Indenture dated October 2, 1953, shall be and continue in full force and effect and that the Company will observe and perform the requirements thereof.

SECTION 2. This Supplemental Indenture shall be read and construed in connection with and as a part of the Amended Indenture and as if the Amended Indenture and this Supplemental Indenture were parts of one and the same instrument.

SECTION 3. The recitals of fact herein and in the bonds referred to herein shall be taken as statements of the Company and shall not be construed as made by the Trustees.

SECTION 4. This Supplemental Indenture shall be binding upon, and inure to the benefit of, the Company and it successors and assigns and the Trustees and their respective successors.

SECTION 5. This Supplemental Indenture may be simultaneously executed in several counterparts and all said counterparts executed and delivered each as an original shall constitute but one and the same instrument.

IN WITNESS WHEREOF, The Company has caused this instrument to be signed in its corporate name by its Chairman of the Board and President or a Vice President, and to be sealed with its corporate seal, attested by its Secretary or an Assistant Secretary, and the said The Northern Trust Company, to evidence its acceptance of the trusts hereby created, has caused these presents to be signed in its corporate name by its President or a Vice President or a Second Vice President, and to be sealed with its corporate seal, attested by its Secretary or an Assistant Secretary, and said Charles H. Cory II, to evidence his acceptance of said trusts, has hereunto set his hand and seal, all as of the day and year first above written.

IOWA SOUTHERN UTILITIES COMPANY,

By R.F. Brewer

R.F. Brewer,
Chairman of the Board
and President.

IOWA SOUTHERN UTILITIES CORPORATION 1947 DELAWARE

ATTEST: C.R.S. Anderson

C.R.S. Anderson, *Secretary*

THE NORTHERN TRUST COMPANY,
As Trustee.

By _____
N.T. Rosson
Second Vice President.

ATTEST:

_____
[illegible] Jackman,
Assistant Secretary.

By _____
Charles H. Cory, II, *As Trustee.*

STATE OF IOWA,
COUNTY OF APPANOOSE, } ss.:

On the 7th day of March, 1980, before me, a Notary Public in and for said County and State, personally appeared R. F. Brewer, Chairman of the Board and President of Iowa Southern Utilities Company, one of the corporations described in and which executed the foregoing instrument to me personally known, who, being by me duly sworn, did say that he is President of said corporation; that the seal affixed to the said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and the said R. F. Brewer acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

_____
Sandra Parris, *Notary Public.*

My Commission Expires September 30, 1982.

[NOTARIAL SEAL]

SANDRA PARRIS
MY COMMISSION EXPIRES
9/30/82

STATE OF ILLINOIS,
COUNTY OF COOK, } SS.:

On the 7 day of March, 1980, before me, a Notary Public in and for said County and State, personally appeared N. T. Rosson, Second Vice President of The Northern Trust Company, one of the corporations described in and which executed the foregoing instrument to me personally known, who being by me duly sworn, did say that he is a Second Vice President of said corporation; that the seal affixed to the said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and the said R. E. Jackman, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

Cecil D. Bobey, *Notary Public.*

My Commission Expires September 12, 1982.

[NOTARIAL SEAL]

STATE OF ILLINOIS,
COUNTY OF COOK, } SS.:

On the 7 day of March, 1980, before me, a Notary Public in and for said County and State, personally appeared CHARLES H. CORY II, one of the Trustees mentioned in the foregoing instrument, personally known to me to be the person named in and who executed the foregoing instrument, and acknowledged to me that he, as such Trustee, executed and delivered the said instrument as his free and voluntary act and deed, for the uses and purposes therein set forth.

Cecil D. Bobey, *Notary Public.*

My Commission Expires September 12, 1982.

[NOTARIAL SEAL]