

25

BOOK 344 PAGE 402

FEB 6 1995

00716

6

COPY

2000 040564

2000 040564

NOTICE OF OFFICIAL RECORDS

INDIANA-AMERICAN WATER COMPANY, INC.
(formerly Kokomo Water Works Company)

TO

Document is NOT OFFICIAL!

FIDELITY BANK, NATIONAL ASSOCIATION,
as Trustee

This Document is the property of the Lake County Recorder!

STOP

SEVENTH SUPPLEMENTAL INDENTURE

Dated as of November 1, 1988

RECEIVED FOR RECORD
This 6 day of Feb 19 95
1:56 P M and recorded
Mtg Record No. 344
Page 402-431 of the record
of Shelby County, Indiana

Thomas B. Nalley
SHELBY COUNTY RECORDER

SUPPLEMENTAL TO INDENTURE OF MORTGAGE

Dated as of May 1, 1968



GENERAL MORTGAGE BONDS, 9.78% SERIES

Due November 1, 2003

57.00
pr
034965
034138

FEB 6 1988

344 408

This is a SEVENTH SUPPLEMENTAL INDENTURE, dated as of the first day of November, 1988, made by and between INDIANA-AMERICAN WATER COMPANY, INC. (formerly KOKOMO WATER WORKS COMPANY), a corporation duly organized and existing under the laws of the State of Indiana (hereinafter called the "Company"), and FIDELITY BANK, NATIONAL ASSOCIATION, (formerly The Fidelity Bank), a national banking association having its principal office in the City of Philadelphia, Commonwealth of Pennsylvania (hereinafter called the "Trustee").

RECITALS

The background of this Seventh Supplemental Indenture is:

A. The Company has heretofore executed and delivered to the Trustee (a) its Indenture of Mortgage dated as of May 1, 1968 (hereinafter sometimes referred to as the "Original Indenture"), (b) a First Supplemental Indenture dated as of September 1, 1974 (hereinafter sometimes referred to as the "First Supplemental Indenture"), (c) a Second Supplemental Indenture dated as of November 1, 1977 (hereinafter sometimes referred to as the "Second Supplemental Indenture"), (d) a Third Supplemental Indenture dated as of March 1, 1982 (hereinafter sometimes referred to as the "Third Supplemental Indenture"), (e) a Fourth Supplemental Indenture dated as of May 1, 1983 (hereinafter sometimes referred to as the "Fourth Supplemental Indenture"), (f) a Fifth Supplemental Indenture dated as of November 1, 1983 (hereinafter sometimes referred to as the "Fifth Supplemental Indenture"), a Sixth Supplemental Indenture dated as of October 1, 1985 (hereinafter sometimes referred to as the "Sixth Supplemental Indenture", the Original Indenture and any and all indentures supplemental thereto, being sometimes referred to hereinafter as the "Indenture"), to secure the payment of the principal of and premium (if any) and interest on all bonds at any time issued and outstanding thereunder and to declare the terms and conditions upon which such bonds may be issued.

B. The Company has heretofore executed, issued and delivered and the Trustee has authenticated and delivered under the Indenture (a) \$400,000 aggregate principal amount of General Mortgage Bonds, 7-3/8% Series due July 1, 1993, all of which bonds are presently outstanding, (b) \$1,100,000 aggregate principal amount of General Mortgage Bonds 9-7/8% Series due September 1, 1999, \$605,000 aggregate

FEB 6 1998

344

409

principal amount of which bonds are presently outstanding, (c) \$2,000,000 aggregate principal amount of General Mortgage Bonds, 8-1/2% Series due November 1, 1997, \$1,560,000 aggregate principal amount of which bonds are presently outstanding, (d) \$2,000,000 aggregate principal amount of General Mortgage Bonds, 17-1/2% Series due April 1, 1990, all of which bonds are presently outstanding, (e) \$6,000,000 aggregate principal amount of General Mortgage Bonds, 12-3/4% due November 1, 1990, all of which bonds are presently outstanding, and (f) \$3,000,000 aggregate principal amount of General Mortgage Bonds, 10-7/8% due October 1, 1995, all of which bonds are presently outstanding.

C. The Company, in the exercise of the powers and authority conferred upon or reserved to it by the provisions of the Original Indenture and pursuant to appropriate resolutions of its Board of Directors, has duly resolved and determined to make, execute and deliver to the Trustee this seventh supplemental indenture (hereinafter sometimes referred to as the "Seventh Supplemental Indenture") in order to create and provide for the issue of a new series of bonds (to be known as "bonds of the 9.78% Series" as hereinafter provided in this Seventh Supplemental Indenture and in the form of bond attached hereto as Exhibit A) and to prescribe with respect to the bonds of the 9.78% Series certain particulars as required by paragraph 2 of Section 2.03 of the Original Indenture.

D. The Company proposes to procure the authentication and delivery of an issue of \$7,800,000 aggregate principal amount of bonds of the 9.78% Series.

E. All things necessary to make the bonds of the 9.78% Series, when duly executed by the Company and authenticated and delivered by the Trustee and issued by the Company as in this Seventh Supplemental Indenture provided, the valid, binding and legal obligations of the Company, entitled to the benefits and security of the Indenture, and to make this Seventh Supplemental Indenture a valid, binding and legal instrument in accordance with its terms, have been done and performed, and the issue hereunder of the bonds of the 9.78% Series has in all respects been duly authorized.

NOW, THEREFORE, THIS SEVENTH SUPPLEMENTAL INDENTURE WITNESSETH that the Company, in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance by the registered owners thereof of the bonds of the 9.78% Series as may be issued under the Indenture, and of One Dollar to it duly paid by the Trustee at or before the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, and in order further to secure the payment of the principal of and premium (if any) and interest on all bonds at any time issued and outstanding under the Indenture, according to their tenor and effect and the performance and observance by the Company of all the covenants and conditions in such bonds and in the Indenture contained, and intending to be legally bound, does hereby ratify and confirm its mortgage and pledge to the Trustee of all property described in the granting clauses of the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture (except such thereof as may heretofore have been released from the lien of the Indenture in accordance with the terms thereof), has granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and by these presents does grant, bargain, sell, release, convey, assign, transfer, mortgage, pledge, set over and confirm, unto Fidelity Bank, National Association, as Trustee, and to its successors in the trust, and to them and their assigns forever, all those pieces or parcels of land more particularly identified in Exhibit B hereto, which Exhibit is hereby incorporated in and made a part of this Granting Clause as if set forth herein in full.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property, rights, and franchises or any part thereof, with the reversion and reversions, remainder and remainders, and to the extent permitted by law, all tolls, rents, revenues, issues, income, product and profits thereof, and all the estate, right, title, interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property, rights and franchises and every part and parcel thereof.

SAVING AND EXCEPTING, HOWEVER, from the property hereby mortgaged and pledged all of the property of every kind and

FEB 6 1955

type saved and excepted from the Original Indenture by the terms thereof.

SUBJECT, HOWEVER, to the exceptions, reservations and matters of the kind and type recited in the Original Indenture, including, without limitation (a) Permitted Encumbrances, as defined in Article XVI of the Original Indenture, (b) the prior lien and all the provisions of the Prior Mortgage, as defined in Article XVI of the Original Indenture, and (c) the prior liens and all the provisions of the mortgages heretofore assumed by the Company which are referred to below and which encumber certain property of the Company in various counties in which the Company operates, and said mortgages as heretofore supplemented and amended, and as hereafter supplemented and amended for any purposes permitted thereby other than the creation of additional series of bonds thereunder:

| <u>Mortgage</u> | <u>Mortgagor</u> | <u>Mortgagee</u> |
|--|---|---|
| Indenture dated as of September 1, 1948 as supplemented and amended. | Richmond Water Works Corporation | Mellon Bank, N. A. and N. R. Smith |
| Indenture dated as of March 1, 1948 as supplemented and amended. | Muncie Water Works Company | Chase Manhattan Bank, N. A. and Joseph A. Payne |
| Mortgage and Deed of Trust dated as of November 1, 1939 as supplemented and amended. | The Terre Haute Water Works Corporation | Bankers Trust Company and S. Burg |
| Mortgage dated as of March 1, 1947 as supplemented and amended. | Seymour Water Company | The Lincoln National Life Insurance Company |

TO HAVE AND TO HOLD all said premises, property, assets, rights and franchises granted, bargained, sold, released, conveyed, transferred, assigned, mortgaged, pledged, set over or confirmed by the Company as aforesaid or intended so to be unto the Trustee and its successors in the trust, and to them and their assigns forever.

FEB 6 1995

IN TRUST, NEVERTHELESS, upon the terms and trusts set forth in the Original Indenture for the equal and proportionate benefit and security of those who shall own the bonds issued and to be issued under the Indenture or any of them, without preference, priority or distinction of any of said bonds over any others thereof by reason of priority in the time of the issue or negotiation thereof or by reason of the date or maturity thereof, or for any other reason whatsoever, so that all bonds at any time issued and outstanding under the Indenture shall have the same right, lien and preference under and by virtue thereof, and shall all be equally secured thereby, with like effect as if they had all been executed, authenticated and delivered simultaneously on the date of the Original Indenture; provided that the bonds of different series may contain different terms and conditions than the bonds of other series in the respects set forth in Section 1.03 of the Original Indenture; and provided, further, that the Company may in any indenture supplemental to the Original Indenture add to the conditions, limitations, restrictions, covenants and agreements of the Original Indenture, in the manner set forth in clauses (a) and (b) of Section 12.01 thereof, as amended and supplemented by Part III, Section 3, of the Second Supplemental Indenture for the sole benefit of any one or more series of bonds.

AND THIS SEVENTH SUPPLEMENTAL INDENTURE FURTHER WITNESSETH that the Company, for itself and its successors, does hereby covenant and agree to and with the Trustee and its successors in the trust, for the benefit of those who shall own said bonds or any of them, as follows:

PART I

GENERAL MORTGAGE BONDS, 9.78% SERIES

SECTION 1. A series of bonds to be issued under the Indenture and secured thereby is hereby created which shall be designated as, and shall be distinguished from the bonds of all other series by the title, "General Mortgage Bonds, 9.78% Series due November 1, 2003" herein called the "bonds of the 9.78% Series". The following terms are hereby prescribed for the bonds of the 9.78% Series, in accordance with paragraph 2 of Section 2.03 of the Indenture:

- (a) Every bond of the 9.78% Series dated prior to May 1, 1989, the first interest payment date for such bonds, shall bear interest from the date of such bond.

(b) The aggregate principal amount of the bonds of the 9.78% Series is limited to \$7,800,000.

(c) The bonds of the 9.78% Series shall be issuable in denominations of One Thousand Dollars (\$1,000) and any multiple thereof, shall be numbered consecutively GR-1 and upwards, and shall all be registered bonds without coupons.

(d) All bonds of the 9.78% Series shall be due November 1, 2003.

(e) The principal of and the premium (if any) and the interest on the bonds of the 9.78% Series shall be payable at the principal office of the Trustee in the City of Philadelphia, Pennsylvania (or, if there be a successor trustee, at its principal office), in coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, provided that interest may be paid by agreement of the Company with the registered owner of the bond, by check mailed or bank wire transfer to the person entitled thereto at his banking address last appearing upon the transfer register or registers of the Company.

(f) The bonds of the 9.78% Series shall be dated as of the date of their authentication, except that if any bond of the 9.78% Series shall be authenticated on any interest payment date it shall be dated as of the day next following such interest payment date. All bonds of the 9.78% Series shall bear interest until the principal thereof is paid or duly provided for, at the rate of nine and seventy-eight hundredths per cent. (9.78%) per annum, payable semi-annually on the first day of May and November of each year, commencing on the first day of May, 1989. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

(g) The bonds of the 9.78% Series shall not contain any provisions as to the payment of principal or interest without deduction for, or as to reimbursement of taxes.

(h) The bonds of the 9.78% Series shall only be redeemable at the price and on the conditions stated in the form of bond set forth in Exhibit A hereto, any such redemption to be effected in accordance with the provisions of Article IV of the Original Indenture;

FEB 6 1988

except that if less than all of the bonds of the 9.78% Series are to be redeemed the particular bonds of the 9.78% Series (or portion thereof) to be redeemed shall be selected by the Trustee from the outstanding bonds of the 9.78% Series by prorating (in the proportion that the principal amount of bonds of the 9.78% Series held by each registered owner bears to the total principal amount of outstanding bonds of the 9.78% Series) the principal amount of bonds of the 9.78% Series to be redeemed among the registered owners of bonds of the 9.78% Series. In any proration pursuant to this Section, the Trustee shall make such adjustments, reallocations and eliminations as it shall deem proper to the end that the principal amount of bonds so prorated shall be \$1,000 or a multiple thereof, by increasing or decreasing or eliminating the amount which would be allocable to any registered owner on the basis of exact proration by an amount not exceeding \$1,000.

(i) There shall not be any sinking, purchase or analogous fund for the retirement of bonds of the 9.78% Series.

(j) The bonds of the 9.78% Series shall not be convertible.

(k) The bonds of the 9.78% Series shall be exchangeable only as provided in the Original Indenture.

(l) In the event that the date of maturity, an interest payment date or a date fixed for redemption of any bond of the 9.78% Series shall be a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City from where the payment is to be made are authorized by law to close, then payment of interest or principal (and premium if any) need not be made on such date, but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions in the City from where the payment is to be made are authorized by law to close, with the same force and effect as if made on the date of maturity, interest payment date, or the date fixed for redemption.

(m) Except as hereinafter provided in Part III of this Seventh Supplemental Indenture, there are no provisions or agreements in respect of the bonds of the 9.78% Series which are for the sole benefit thereof.

FEB 6 1991

344 415

(n) The text of the bonds of the 9.78% Series and of the authentication certificate of the Trustee upon such bonds shall be, respectively, substantially of the tenor and effect set forth in Exhibit A hereto.

PART II

ISSUANCE OF BONDS OF THE 9.78% SERIES

The bonds of the 9.78% Series, as hereinabove defined in Recital C, may be executed by the Company and delivered to the Trustee for authentication, and shall be authenticated and delivered by the Trustee to or upon the order of the Company (which authentication and delivery may be made without awaiting the filing or recording of this Seventh Supplemental Indenture), upon receipt by the Trustee of the resolutions, certificates, orders, opinions and other instruments required by the provisions of Sections 2.03 and 2.04 of the Original Indenture to be received by the Trustee as a condition to the authentication and delivery of bonds.

PART III

COVENANTS WITH RESPECT TO BONDS OF THE 9.78% SERIES

SECTION 1. EXCLUSIVE BENEFIT COVENANTS. The covenants, agreements and conditions contained in this Part III are solely for the protection and benefit of the registered owners of the bonds of the 9.78% Series and are therefore Exclusive Benefit Covenants as defined in the Indenture, and the exclusive right to (i) require the Trustee to declare a default under, (ii) waive a default under, (iii) waive compliance with, or (iv) amend, any of such Exclusive Benefit Covenants shall be vested solely in the registered owners of a majority in principal amount of the bonds of the 9.78% Series then outstanding. No benefits by reason of such Exclusive Benefit Covenants shall be deemed to be conferred upon persons other than the registered owners of the bonds of the 9.78% Series, the Trustee and the Company.

SECTION 2. COVENANTS WITH RESPECT TO ISSUANCE OF ADDITIONAL BONDS.

(a) So long as any of the bonds of the 9.78% Series are outstanding, without the consent of the

344 416

FEB 6 1995

registered owners of at least a majority in principal amount of the bonds of the 9.78% Series then outstanding, the Company shall not issue and the Trustee shall not authenticate additional bonds under Section 2.03 or Section 2.04 of the Original Indenture unless the net income of the Company has been equal to at least one and one-half times the aggregate annual interest charges on all Long Term Debt outstanding immediately after such bonds are issued. The Company shall meet the requirements of this Section 2 by delivering to the Trustee (together with the resolutions, opinions, certificates and instruments provided for in Section 2.03 and Section 2.04 of the Original Indenture) a "Certificate of Required Net Income for Debt" which shall state in substance that the net income of the Company, calculated as hereinafter provided, for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the first day of the month in which the additional bonds are to be issued by the Trustee has been equal to at least one and one-half times the aggregate annual interest charges on all Long Term Debt of the Company to be outstanding immediately after such bonds are issued; provided, however, that in all calculations of such net income effect shall be given to the issue or retirement of any indebtedness that will be accomplished prior to or on the date of such issue and there shall be excepted from such Long Term Debt any thereof for the payment or redemption of which moneys in the necessary amounts have been irrevocably set aside by the Company or deposited with the Trustee or other holder of a mortgage or other lien securing any such Long Term Debt. The Certificate of Required Net Income for Debt shall be signed by the President or a Vice President, and by the Treasurer or the Assistant Treasurer of the Company and shall set forth the amount of the net income of the Company for such twelve-month period, shall itemize by issue and series the Long Term Debt so to be outstanding and state the aggregate principal amount of each such issue and series and the interest charges thereon for a period of one year. It shall show the method of calculation of such net income to be as follows:

From the total income (except amortization of premium on debt), whether credited to surplus or otherwise, of the Company, from all sources (which shall not include income or losses from the sale

of capital assets but shall include as a credit interest charged to construction) for the period in question, there shall be deducted all operating and nonoperating expenses and charges, including maintenance and depreciation as is determined by its Board of Directors in accordance with established practice of the Company, taxes (except as hereinafter provided) and rentals paid or accrued in respect of the properties, license fees and franchise taxes paid or accrued and taxes based upon gross income, gross revenues or gross receipts, but excluding from such deductions Federal and State taxes based on net income paid or accrued, interest charges on indebtedness of the Company, amortization of debt discount and expense, write-downs of property, or other adjustments, and similar items. Any increase or decrease in gross revenues of the Company attributable to higher or lower rates that have been in effect for less than the full twelve-month period on which such calculation is based shall be annualized, and there shall also be annualized such related fixed expenses and charges as are known to the principal officers of the Company. In case, within or after the period for which the computation of net income of the Company is made, the Company shall have acquired any property (including an acquisition by merger), such acquired property may be treated as having been owned by the Company for the whole of such period of computation and the net income thereof for such period may, at the option of the Company be included in the net income of the Company, and there shall be excluded, in computing such net income, an amount equal to the net income estimated by the Company to be applicable to any property sold or disposed of by the Company after the beginning of such period of computation.

(b) For the purposes of this Section 2, all determinations of net income shall be made in accordance with the rules and regulations of any governmental body or agency under the jurisdiction of which the Company may be operating, or if there be no such agency or no such rules or regulations, then in accordance with generally accepted accounting principles.

FEB 6 1955

(c) The provisions of this Section 2 shall not limit the power of the Company to issue nor the Trustee to authenticate bonds under the provisions of Sections 1.04 - 1.11, inclusive, of the Original Indenture in connection with exchanges and transfers.

PART IV

THE TRUSTEE

The Trustee hereby accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions set forth in the Original Indenture and upon the following terms and conditions:

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Seventh Supplemental Indenture or the due execution hereof by the Company or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general, each and every term and condition contained in Article XI of the Original Indenture shall apply to this Seventh Supplemental Indenture with the same force and effect as if the same were herein set forth in full, with such amendments, omissions, variations and modifications thereof as may be appropriate to make the same conform to this Seventh Supplemental Indenture.

PART V

REAFFIRMATION OF INDENTURE

The covenants, agreements, conditions, limitations and restrictions in the Indenture are hereby reaffirmed to the same extent as if they were herein set forth in full, except insofar as any of the provisions thereof may be inconsistent with any of the provisions herein and to the extent of such inconsistency, the provisions contained herein shall prevail.

FEB 6 1995

PART VI

MISCELLANEOUS PROVISIONS

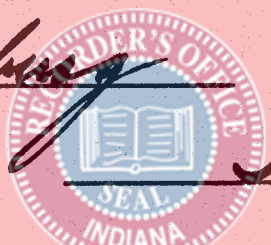
For all purposes hereof, all terms contained in this Seventh Supplemental Indenture shall, except as the context may otherwise require or as provided herein, have the meanings given to such terms in the Original Indenture.

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

IN WITNESS WHEREOF, INDIANA-AMERICAN WATER COMPANY, INC. has caused these presents to be signed in its corporate name by its President or one of its Vice Presidents and sealed with its corporate seal attested by its Secretary or one of its Assistant Secretaries, and FIDELITY BANK, NATIONAL ASSOCIATION, has caused these presents to be signed in its corporate name by one of its Vice Presidents or one of its Assistant Vice Presidents and sealed with its corporate seal attested by its Secretary or one of its Assistant Secretaries, all as of the day and year first above written.

INDIANA-AMERICAN WATER COMPANY, INC.

By [Signature]
President



(SEAL)
Attest: [Signature]
Secretary

Signed, sealed and delivered by INDIANA-AMERICAN WATER COMPANY, INC. in the presence of:

[Signature]
[Signature]

FEB 6 1995

344

420

FIDELITY BANK, NATIONAL ASSOCIATION

By [Signature]
Vice President

Attest:

By [Signature]
Assistant Secretary

(SEAL)

Signed, sealed and delivered
by THE FIDELITY BANK, NATIONAL
ASSOCIATION, in the presence of:

[Signature]

[Signature]

the Lake County Recorder!

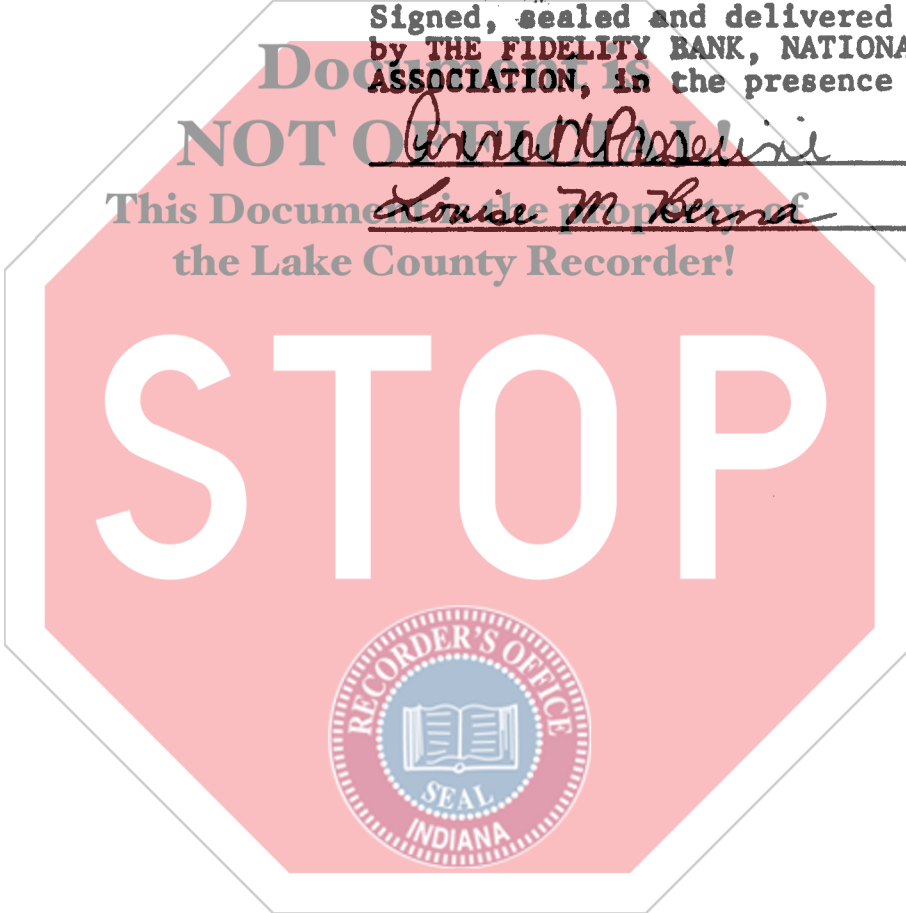


EXHIBIT A

(FORM OF BOND OF 9.78% SERIES)

No. GR-

\$

INDIANA-AMERICAN WATER COMPANY, INC.

GENERAL MORTGAGE BOND, 9.78% SERIES DUE NOVEMBER 1, 2003

INDIANA-AMERICAN WATER COMPANY, INC., a corporation organized and existing under the laws of the State of Indiana (hereinafter called the "Company", which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to or registered assigns, on the first day of November, 2003, at the principal office of the Trustee hereinafter named in the City of Philadelphia, Pennsylvania (or, if there be a successor trustee, at its principal office), the sum of Dollars in coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, and to pay interest thereon to the registered owner hereof, at said office, from the interest payment date next preceding the date of this bond (or, if this bond be dated prior to May 1, 1989 from the date hereof) until the principal hereof is paid or duly provided for, at the rate of nine and seventy-eight hundredths per cent. (9.78%) per annum, in like coin or currency, semi-annually on the first day of May and the first day of November in each year, commencing on the first day of May, 1989; provided that interest may be paid by agreement of the Company with the registered owner of this bond, by check mailed or bank wire transfer to the person entitled thereto at his banking address last appearing upon the transfer register or registers of the Company.

This bond is one of an authorized issue of bonds of the Company known as its General Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter mentioned, all issued and to be issued in one or more series under and equally secured by an indenture of mortgage (hereinafter called the "Original Indenture"), executed by the Company to Fidelity Bank, National Association (formerly The Fidelity Bank), as

344

422

16

Trustee, dated as of May 1, 1968 as supplemented and amended by a First Supplemental Indenture dated as of September 1, 1974 (hereinafter called the "First Supplemental Indenture"), a Second Supplemental Indenture dated as of November 1, 1977 (hereinafter called the "Second Supplemental Indenture"), a Third Supplemental Indenture dated as of February 1, 1982 (hereinafter called the "Third Supplemental Indenture"), a Fourth Supplemental Indenture dated as of May 1, 1983 (hereinafter called the "Fourth Supplemental Indenture"), a Fifth Supplemental Indenture dated as of November 1, 1983 (hereinafter called the "Fifth Supplemental Indenture"), a Sixth Supplemental Indenture dated as of October 1, 1985 (hereinafter called the "Sixth Supplemental Indenture") and a Seventh Supplemental Indenture dated as of November 1, 1988 (hereinafter called the "Seventh Supplemental Indenture", the Original Indenture as so supplemented and amended being hereinafter called the "Indenture"), to which Original 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 secured, and the rights of the registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, said bonds may be issued in series for various principal sums, may bear different dates and mature at different times, may bear interest at different rates, and may otherwise vary as in the Indenture provided or permitted. This bond is one of the bonds described in the Seventh Supplemental Indenture and designated therein as "General Mortgage Bonds, 9.78% Series due November 1, 2003" (hereinafter referred to as the "bonds of the 9.78% Series"), issued under and secured by the Indenture and limited in aggregate principal amount to Seven Million Eight Hundred Thousand Dollars (\$7,800,000).

The lien of the Indenture on the property of the Company is subject to (a) the lien of the Prior Mortgage as defined in the Indenture, (b) the liens of certain other mortgages assumed by the Company encumbering certain property of the Company in various counties in which the Company operates, which mortgages are more particularly described and set forth in the Indenture, and (c) Permitted Encumbrances as defined in the Indenture.

The bonds of the 9.78% Series are not subject to redemption pursuant to Section 6.03 or Section 6.04 of the Indenture or otherwise under the Indenture at the option of the Company.

FEB 6 1935

In the event that all or substantially all of the property of the Company at the time subject to the lien of the Indenture, or all or substantially all of the property of the Company at the time so subject to such lien which is used or useful in connection with its utility business as defined in the Indenture, shall be released from the lien of the Indenture under the provisions of Section 5.03 or Section 5.06 thereof, the award or consideration received by the Trustee for such property (together with any other moneys held by the Trustee under the Indenture) shall be applied by the Trustee to the redemption in full of all bonds then outstanding under the Indenture, any moneys held for the account of any particular bonds being applied to the redemption (or payment, if matured) of such bonds at a redemption price equal to the principal amount thereof, together with accrued interest thereon to the date fixed for redemption. If the moneys then in the hands of the Trustee available for such purpose shall not be sufficient for such redemption in full, the Company shall deposit with the Trustee on or before the date fixed for redemption an amount sufficient to enable the Trustee to pay the full redemption prices of the bonds at the rate or rates applicable, together with interest accrued to such date and all expenses in connection with such redemption. If the Company shall default in its obligation to deposit any such amount with the Trustee, the moneys in the hands of the Trustee available for such purpose (together with any moneys thereafter received) shall be applied by the Trustee to the partial payment of all bonds then outstanding under the Indenture, pro rata in proportion to the respective amounts then due and owing thereon for principal, premium (if any) and interest but, until the full amount then due and owing on the bonds shall have been paid, no such partial payment shall discharge the obligation of the Company on any bond except to the extent of such partial payment. Notice of any such partial pro rata payment shall be given once by the Trustee to the registered owners of the bonds within one week after the date as of which the bonds were called for redemption, and from and after a date to be specified in such notice (to be not earlier than the date upon which such notice is given nor later than ten days after such redemption date) interest shall cease to accrue on the obligation of the Company on the bonds so called for redemption to the extent of the partial payment so provided. Subsequently, if any additional moneys applicable to an additional partial payment or to the payment of the entire balance then due on the bonds shall be received by the Trustee, the Trustee shall, with reasonable promptness, give like notice of any such payment (specifying a date within ten days after the date of such notice) with like effect.

344 424

The principal of this bond may be declared or may become due prior to its maturity date, in the manner and with the effect and subject to the conditions provided in the Indenture, upon the happening of an event of default as in the Indenture provided; subject, however, to the right, under certain circumstances, of the registered owners of a majority in principal amount of the bonds then outstanding (or, if such event of default be a default in the payment of any principal of or premium or interest on the bonds of any particular series, the registered owners of a majority in principal amount of the bonds of such series then outstanding) to annul such declaration.

In case the Company shall be consolidated with or merged into any other corporation, or all or substantially all of the mortgaged property as an entirety or substantially as an entirety shall be conveyed or transferred, subject to the lien of the Indenture, the corporation resulting from such consolidation, or into which the Company shall have been merged, or which shall have received such conveyance or transfer, may elect to exchange its bonds for bonds outstanding under the Indenture, including the bonds of the 9.78% Series, subject to the conditions and in the manner provided in the Indenture.

To the extent permitted by, and as provided in, the Indenture, amendments or modifications of the Original Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Company and of the owners of the bonds issued and to be issued thereunder, may be made with the consent of the Company by the written consent of the registered owners of not less than sixty-six and two-thirds per cent. (66 2/3%) in principal amount of the bonds then outstanding under the Indenture; provided that any amendment or modification which will affect the rights under the Indenture or any indenture supplemental thereto of the owners of one or more, but less than all, of the series of bonds outstanding under the Indenture or which will amend or modify any Exclusive Benefit Covenant (as defined in the Indenture) may be made only with the consent of the Company and the written consent of the registered owners of not less than sixty-six and two-thirds per cent. (66 2/3%) in principal amount of the bonds of the series so affected or the bonds of the series for the protection or benefit of which such Exclusive Benefit Covenant is made, as the case may be, then outstanding under the Indenture (unless in the case of any Exclusive Benefit Covenant some other percentage of bonds is provided in the supplemental

44 425

indenture establishing the Exclusive Benefit Covenant), and may be made with the written consent of the registered owners of said principal amount of the bonds of such series without any requirement for the consent of owners of bonds outstanding under the Indenture which are not affected by such amendment or modification; provided, however, that except with the written consent of the registered owner of this bond no amendment or modification shall be made which will permit the extension of the time or times of payment of the principal of or the interest on this bond, or a reduction in the principal amount hereof or the premium (if any) or the rate of interest hereon, or otherwise affect the terms of payment of the principal of, or premium (if any) or interest on, this bond, or reduce the percentage of principal amount of bonds the consent of the registered owners of which is required for the modification or alteration of the Indenture, or of any indenture supplemental thereto.

This bond is transferable by the registered owner hereof, in person or by duly authorized attorney, on books of the Company to be kept for that purpose at the principal office of the Trustee in the City of Philadelphia, Pennsylvania (or, if there be a successor trustee, at its principal office), upon surrender hereof at such office for cancellation and upon presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds of the 9.78% Series, in authorized denominations, of a like aggregate principal amount; and the registered owner of any bond or bonds of the 9.78% Series may surrender the same as aforesaid at said office in exchange for a like aggregate principal amount of bonds of like form, in authorized denominations; all upon payment of the charges and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for the purpose of receiving payment hereof, or on account hereof, and for all other purposes.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any indenture supplemental thereto, or in any bond thereby secured, or because of any indebtedness thereby secured, shall be had against any incorporator, or against any past, present or future stockholder, officer or director, as such, of the

344

426

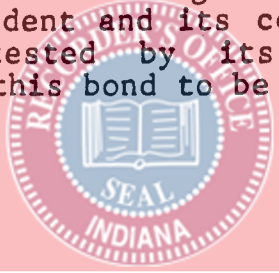
FEB 5 1928

Company or of any successor corporation, either directly or through the Company or any successor corporation, under any constitution, statute, or rule of law or equity, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise; it being expressly agreed and understood that the Indenture, any indenture supplemental thereto and obligations thereby secured are solely corporate obligations, and that no personal liability whatever shall attach to, or be incurred by, such incorporators, stockholders, officers or directors, as such, of the Company, or of any successor corporation, or any of them, because of the incurring of the indebtedness thereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in the Indenture or in any indenture supplemental thereto or in any of the bonds or coupons thereby secured, or implied therefrom.

Noted for the Lake County Recorder!

This bond shall not be entitled to any benefit under the Indenture, or any indenture supplemental thereto, and shall not become valid or obligatory for any purpose, until Fidelity Bank, National Association, as the Trustee under the Indenture, or a successor trustee thereunder, shall have signed the form of authentication certificate endorsed hereon.

IN WITNESS WHEREOF, INDIANA-AMERICAN WATER COMPANY, INC. has caused this bond to be signed in its name by its President or a Vice President and its corporate seal to be hereto affixed and attested by its Secretary or an Assistant Secretary, and this bond to be dated



344 427

FTB 6 1935

INDIANA-AMERICAN WATER COMPANY, INC.

By
President

Attest:

Secretary

(FORM OF TRUSTEE'S AUTHENTICATION CERTIFICATE
FOR BONDS OF THE 9.78% SERIES)

**This Document is the property of
the Lake County Recorder!**

Trustee's Authentication Certificate

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

FIDELITY BANK, NATIONAL ASSOCIATION,
as Trustee

By
Authorized Officer



6 1986

EXHIBIT B

INDIANA-AMERICAN WATER COMPANY, INC.

All of those pieces or parcels of land situate in the County of Howard, State of Indiana, conveyed to the Company or to its predecessor in title by the instruments referred to below, all of which have been recorded as indicated below in the Recorder's Office of said County:

| <u>Grantor</u> | <u>Date of Deed</u> | <u>Recording Data</u> | |
|--|---------------------|-----------------------|--------------------|
| | | <u>Record Number</u> | <u>Page Number</u> |
| 1. Ronald E. Johnson and Isabella L. Johnson | 8/23/86 | 250 | 2749 |
| 2. Nathaniel Leon Carr | 8/29/86 | 250 | 2838 |
| 3. Maggie Lee Carr | 8/29/86 | 250 | 2839 |
| 4. William H. Aaron | 8/15/86 | 250 | 2617 |
| 5. Willia Mae Fort | 8/13/86 | 250 | 2593 |
| 6. Raymond Artis and Gertrude Marjorie Artis | 9/19/86 | 250 | 3082 |
| 7. Booker T. Jones | 9/19/86 | 250 | 3081 |
| 8. Widmeyer Realty Corporation | 7/8/87 | 251 | 2308 |

All of those pieces or parcels of land situate in the County of Vigo, State of Indiana, conveyed to the Company or to its predecessor in title by the instruments referred to below, all of which have been recorded as indicated below in the Recorder's Office of said County:

| <u>Grantor</u> | <u>Date of Deed</u> | <u>Recording Data</u> | |
|--|---------------------|-----------------------|--------------------|
| | | <u>Record Number</u> | <u>Page Number</u> |
| 1. Dennis A. Atterson and Kathleen A. Atterson | 6/16/86 | 405 | 799 |

44-4-29

STATE OF INDIANA

COUNTY OF WAYNE

SS:

Before me, Karen G. Blue, a Notary Public in and for the State and County aforesaid, personally appeared G. W. Thornburg and S. B. Givens with whom I am personally acquainted, who upon oath did say that they are and acknowledge themselves to be, respectively, the Vice President and Secretary of INDIANA-AMERICAN WATER COMPANY, INC., an Indiana corporation, and that they, as such Vice President and Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, the former by signing the name of said corporation thereto by himself, as Vice President, and the latter attesting the execution thereof and affixing thereto the corporate seal.

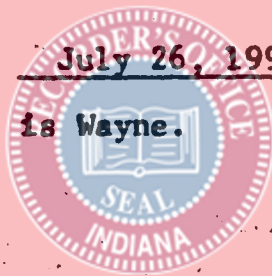
WITNESS my hand and notarial seal this 2nd day of December, 1988.

Karen G. Blue

Karen G. Blue
Notary Public

My Commission expires: July 26, 1991

My County of residence is Wayne.



FEB 6 1988

344 430

COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF PHILADELPHIA)

SS:

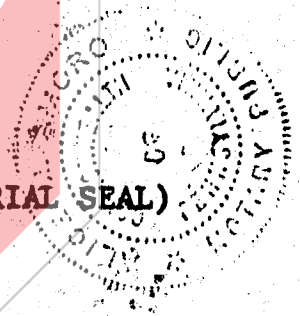
Before me, *Alice M. Amoro*, a Notary Public in and for the Commonwealth and County aforesaid, personally appeared *John H. Clagham* and *Terence C. McBoyle* with whom I am personally acquainted, who upon oath did say that they are and acknowledge themselves to be, respectively, a Vice President and Assistant Secretary of FIDELITY BANK, NATIONAL ASSOCIATION, the within named trustee, a corporation, and that they, as such Vice President and Assistant Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, the former by signing the name of said corporation thereto by himself, as Vice President, and the latter by attesting the execution thereof and affixing thereto the corporate seal.

WITNESS my hand and notarial seal this *6th* day of *December*, 1988.

Alice M. Amoro
Notary Public

My Commission expires:

NOTARIAL SEAL
ALICE M. AMORO, Notary Public
Philadelphia, Philadelphia Co., PA
My Commission Expires Sept. 30, 1991



Fidelity Bank, National Association, mortgagee and trustee within named, hereby certifies that its precise name and address are Fidelity Bank, National Association, 135 South Broad Street, Philadelphia, Pennsylvania.

FIDELITY BANK, NATIONAL ASSOCIATION

By *[Signature]*
Assistant Secretary

FEB 6 1935

344 431

This instrument was prepared by S. B. Givens, Esq.,
1710 Sylvan Nook Drive, Richmond, Indiana.

