

such surrendered and cancelled Note or Notes shall not be used for any purpose under this Mortgage.

SECTION 1.08. *Transfer and Exchange of Notes.* Subject to the provisions of Section 1.05, the Notes shall be transferable by endorsement or by assignment without surrender thereof to the Company or to the Trustee and neither the Company nor the Trustee need be notified of any transfer of the Notes. Any holder, if such holder wishes, may obtain a new Note or Notes of the same series by delivering a transferred Note or Notes or an untransferred Note or Notes to the Company at the Corporate Trust Office of the Trustee, together with appropriate instruments of transfer relating to such transferred Note or Notes and the written request of said transferee or payee for a new Note or Notes of the same series and in the same aggregate original principal amount as the transferred Note or Notes or the untransferred Note or Notes so delivered in such authorized denominations and payable to the order of such payee or payees as shall be specified in said request. Promptly after the receipt of such transferred Note or Notes and such request, or of such untransferred Note or Notes and such request, the Company shall execute a new Note or Notes of such series in such aggregate original principal amount, and in the denominations and payable to the payee or payees specified in said request, and shall deliver to the Trustee such new Note or Notes and the documents required to be delivered to the Trustee in connection with the issuance of such new Note or Notes pursuant to Section 1.01. The Company shall also surrender to the Trustee the transferred Note or Notes or the untransferred Note or Notes so delivered to the Company by said transferee or payee. The Trustee shall mark upon each new Note issued and delivered pursuant to this Section 1.08 the amount of all payments and prepayments of principal previously made on such transferred Note or Notes or such untransferred Note or Notes which are allocable to such new Note and the date to which interest on such transferred Note or Notes or such untransferred Note or Notes shall have been paid, and the Trustee shall deliver such new Note so marked to the Company. All such payments and prepayments so marked shall be deemed to have been made on such new Note, if any installment payments on such transferred Note or Notes

such untransferred Note or Notes shall have been reduced as provided in this Mortgage, the installment payments on such new Note or Notes shall be similarly and ratably reduced in accordance with the provisions of this Mortgage and such reduced amounts shall be marked on such new Note or Notes. Upon any issuance of such new Note or Notes, the Company, at its option, may require the payment of a sum to reimburse it for, or provide it with funds for the payment of any tax or other governmental charge or any charges and expenses of the Trustee, and any other expense connected therewith paid or to be paid by it except that no such charge shall be made in the case of any transfer or exchange by an original holder of Series A Notes.

ARTICLE II

Series A Notes

SECTION 2.01. *Series A Notes.* The initial series of Notes to be executed and delivered under and secured by this Mortgage shall be the Series A Notes which shall be designated as, and have the terms and provisions, provided in this Article II.

SECTION 2.02. *Designation, Limitation, Description of Series A Notes.* The Series A Notes shall be designated as "First Mortgage 5.25% Notes (Series A)". The aggregate principal amount of Series A Notes which may be issued hereunder shall be limited to \$40,000,000, exclusive of Series A Notes issued pursuant to Section 1.06. The Series A Notes shall mature on April 1, 1989, shall bear interest at the rate of 5.25% per annum from the date thereof to maturity (whether by acceleration or otherwise) and interest at the rate of 6% per annum on any overdue installment of the principal thereof and (to the extent permitted by law) of the interest thereof, shall be payable and prepayable as hereinafter in this Mortgage provided, shall be substantially in the form set forth in Exhibit 1, shall be executed in the name and on behalf of the Company by its President or a Vice President and by its Treasurer or an Assistant Treasurer, and shall be dated the day issued.