

DOUGLAS COUNTY

the lien of this Indenture.

SECTION 4. The Corporation will duly and punctually pay the principal of and interest on the notes at the dates and places and in the manner provided therein, according to the true intent and meaning thereof, and also all other sums becoming due hereunder.

SECTION 5. The Corporation will at all times, so long as any of the notes shall be outstanding take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and to preserve and renew all franchises rights of way, easements, permits, and licenses now or hereafter to it granted or upon it conferred, and will comply with all valid laws, ordinances, regulations, and requirements applicable to it or its property. The Corporation will not, without the approval in writing of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, take or suffer to be taken any steps for reorganization or to consolidate with or merge into any other corporation, or to sell, lease or transfer (or make any agreement therefor) the Trust Estate, or any part thereof.

SECTION 6. The Corporation will at all times maintain and preserve the Trust Estate and each and every part and parcel thereof in good repair, working order and condition, and will from time to time make all needful and proper repairs, renewals, and replacements and useful and proper alterations, additions, betterments, and improvements, and will, subject to contingencies beyond its reasonable control, at all times keep its plants and properties in continuous operation and use all reasonable diligence to furnish the consumers served by it through the Trust Estate, or any part thereof, with an adequate supply of electric energy and other services furnished by the Corporation.

SECTION 7. Except as specifically authorized in writing in advance by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, the Corporation will purchase all materials, equipment, and replacements to be incorporated in or used in connection with the Trust Estate outright and not subject to any conditional sales agreement, chattel mortgage, bailment, lease, or other agreement reserving to the seller any right, title, or lien.

SECTION 8. The Corporation will take out, as the respective risks are incurred, and maintain insurance of such classes and in such amounts, and from time to time make such changes in respect thereof, as the holder or holders of not less than a majority in principal amount of the notes at the time outstanding shall have determined to be advisable to safeguard the interests of the noteholders. The Corporation will, upon request of the holder or holders of notes in the principal amount above specified, submit to the noteholder designated in such request a schedule of its insurance in effect on the date specified in such request and also originals or duplicate originals of such insurance policies as may be requested. If the Corporation shall at any time fail or refuse to take out or maintain insurance or to make changes in respect thereof upon appropriate request by such noteholder or noteholders, such noteholder or noteholders may take out such insurance on behalf and in the name of the Corporation, and the Corporation will pay the cost thereof.

SECTION 9. In the event of the failure of the Corporation in any respect to comply with the covenants and conditions herein contained with respect to the procuring of insurance, the payment of taxes, assessments, and other charges, the keeping of the Trust Estate in repair and free of liens and other claims or to comply with any other covenant contained in this Indenture, the Trustee or any noteholder or noteholders shall have the right (without prejudice to any other rights arising by reason of such default) to advance or expend moneys for the purpose of procuring such insurance, or for the payment of insurance premiums, taxes, assessments, or other charges or to save the Trust Estate from sale or forfeiture for any unpaid tax or assessment or otherwise or to redeem the same from any tax or other sale, or to purchase any tax title thereon, or to remove or purchase any mechanics' liens or other encumbrance thereon, or to make repairs thereon, or to comply with any other covenant herein contained, or to prosecute or defend any suit in relation to the Trust Estate, or in any manner to protect the Trust Estate and the title thereto, and all sums so advanced for any of the aforesaid purposes with interest thereon at the rate of five per centum (5%) per annum shall be deemed a charge upon the Trust Estate in the same manner as the notes at the time outstanding are secured and shall be forewith paid to the Trustee or noteholder or noteholders making such advance or advances upon demand. It shall not be obligatory for the Trustee or any noteholder in making any such advances or expenditures to inquire into the validity of any such tax title, or of any such taxes or assessments or sales therefor, or of any such mechanics' liens or other encumbrance.

SECTION 10. The Corporation will not, without the approval in writing of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding: (a) construct, make, lease, purchase, or otherwise acquire any extensions or additions to its system, or enter into any contract therefor, except such extensions or additions as may be financed with loans evidenced by additional notes; (b) construct any consumer services at its expense in excess of one pole, and one span of wire in addition to a service drop not more than one hundred fifty (150) feet in length; (c) enter into any contract or contracts for the operation or maintenance of all or any part of its property, for the purchase of electric energy or for the use by others of any of its property; (d) incur any expenses for legal, engineering, supervisory, accounting, or other similar services, except such reasonable expenses as are incurred in the routine course of business; or (e) deposit any of its funds, regardless of the source thereof, in any bank or other depository which is not a member of the Federal Deposit Insurance Corporation, or the successor thereof, or of a Federal Reserve bank.

SECTION 11. The Corporation will not pay its directors, as such, any salaries for their services, except such as shall have been approved by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, provided that nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Salaries and wages paid officers and employees shall be reasonable and in conformity with the usual practice of corporations of the size and nature of the Corporation.

SECTION 12. The Corporation will at all times keep proper books, records, and accounts in which full and true entries will be made of all the dealings, business, and affairs of the Corporation, in accordance with good accounting practice. The Corporation will furnish each noteholder: (a) not later than the tenth day of each month, a statement of operations for the preceding month, including, without limitation, an analysis of the Corporation's revenues, expenses and consumer accounts for the preceding month, and, if directed by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, such statement shall be in such form and include therein such information as may be specified in such direction; and (b) within thirty (30) days after the close of each fiscal year, full and complete reports, certified by its Treasurer, of its financial condition as of the end of such fiscal year and of its operations for such period and, if requested by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, such reports shall be audited and certified by independent public accountants satisfactory to such noteholder or noteholders. Any noteholder, through its agents, representatives, accountants, or attorneys, shall at all times during reasonable business hours have access to, and the right to inspect and make copies of, any or all books, records, and accounts, and any or all invoices, contracts, leases, pay rolls, canceled checks, Statements, and other documents and papers of every kind belonging to or in the possession of the Corporation or in anywise pertaining to its property or business.

SECTION 13. The Corporation will from time to time upon written demand of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding: (a) make, execute, acknowledge, and deliver or cause to be made, executed, acknowledged, and delivered all such further and supplemental deeds of trust, mortgages, instruments, and conveyances as may reasonably be requested by such noteholder, or noteholders; and (b) take or cause to be taken all such further action as may reasonably be requested by such noteholder or noteholders, to effectuate the intention of these presents and to provide for the securing and payment of the principal of and interest on the notes and for the purpose of fully conveying, transferring, and confirming unto the Trustee the property hereby conveyed and transferred, or intended so to be, whether now owned by the Corporation or hereafter acquired by it. The Corporation will cause this Indenture and any and all supplemental mortgages and deeds of trust, and every additional instrument which shall be executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and re-recorded and re-filed as conveyances and mortgages and deeds of trust of real and personal property in such manner and in such places as may be required by law in order fully to preserve the security for the notes and to perfect and maintain the superior lien of this Indenture and all supplemental mortgages and deeds of trust, and the rights and remedies of the Trustee and the noteholders.