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Shelby Cnty Judge of Probate, AL
11/02/1981 00:00:00 FILED/CERTIFIED

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This Instrument Prepared By
WALTER M. BEALE, JR.
Balch, Bingham, Baker, Hawthorne, Williams & Ward
600 North 18th Street
Birmingham, Alabama 35203

Executed in 83 counterparts of
which this is counterpart No. 61

STATE-ALA-WALKER-CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

1981 OCT 29 AM 8:26

RECORDED-BLOCK AND PAGE
CHUAN ABOVE *Shelby Co. Judge*

JUDGE OF PROBATE

ALABAMA POWER COMPANY

TO

CHEMICAL BANK,
Trustee

Supplemental Indenture

Providing among other things for
FIRST MORTGAGE BONDS
18 1/4 % Series due October 1, 1989

Dated as of October 1, 1981

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

1981 NOV -2 AM 9:00

Walter M. Beale, Jr.
JUDGE OF PROBATE

SUPPLEMENTAL INDENTURE dated as of October 1, 1981 made and entered into by and between **ALABAMA POWER COMPANY**, a corporation organized and existing under the laws of the State of Alabama, with its principal place of business in Birmingham, Jefferson County, Alabama (hereinafter commonly referred to as the "Company"), and **CHEMICAL BANK**, a corporation organized and existing under the laws of the State of New York, with its principal office in the Borough of Manhattan, The City of New York (hereinafter commonly referred to as the "Trustee"), as Trustee under the Indenture dated as of January 1, 1942 between the Company and Chemical Bank & Trust Company (Chemical Bank successor by merger), as Trustee, securing bonds issued and to be issued as provided therein (hereinafter sometimes referred to as the "Indenture").

WHEREAS the Company and the Trustee have executed and delivered the Indenture for the purpose of securing an issue of bonds of the 1972 Series described therein and such additional bonds as may from time to time be issued under and in accordance with the terms of the Indenture, the aggregate principal amount of bonds to be secured thereby being not limited, and the Indenture fully describes and sets forth the property conveyed thereby and is of record in the office of the judge of probate of each county in the State of Alabama, and in the offices of the clerks of the superior court of the counties of the State of Georgia, in which this Supplemental Indenture is to be recorded and is on file at the principal office of the Trustee, above referred to; and

WHEREAS the Company and the Trustee have executed and delivered various supplemental indentures for the purposes, among others, of further securing such bonds and of creating the bonds of other series described therein, and such supplemental indentures described and set forth additional property conveyed thereby and are also of record in the offices of the judges of probate of some of or all the counties in the State of Alabama, and in the offices of the clerks of the superior court of the counties of the State of Georgia, in which this Supplemental Indenture is to be recorded and are on file at the principal office of the Trustee, above referred to; and

WHEREAS the Indenture provides for the issuance of bonds thereunder in one or more series and the Company, by appropriate corporate action in conformity with the terms of the Indenture, has duly determined to create a series of bonds under the Indenture to be designated as "First

Mortgage Bonds, 18¼% Series due October 1, 1989" (hereinafter sometimes referred to as the "Third 1981 Series"), the bonds of such series to bear interest at the annual rate designated in the title thereof and to mature October 1, 1989; and

WHEREAS each of the registered bonds of the Third 1981 Series is to be substantially in the following form, to wit:

[FORM OF REGISTERED BOND OF THE THIRD 1981 SERIES]

[FACE]

ALABAMA POWER COMPANY
FIRST MORTGAGE BOND, 18¼% SERIES DUE OCTOBER 1, 1989

No. \$

Alabama Power Company, an Alabama corporation (hereinafter called the "Company"), for value received, hereby promises to pay to or registered assigns, the principal sum of Dollars on October 1, 1989, and to pay to the registered holder hereof interest on said sum from the latest semi-annual interest payment date to which interest has been paid on the bonds of this series preceding the date hereof, unless the date hereof be an interest payment date to which interest is being paid, in which case from the date hereof, or unless the date hereof is prior to April 1, 1982, in which case from October 1, 1981 (or, if this bond is dated between the record date for any interest payment date and such interest payment date, then from such interest payment date, provided, however, that if the Company shall default in payment of the interest due on such interest payment date, then from the next preceding semi-annual interest payment date to which interest has been paid on the bonds of this series, or if such interest payment date is April 1, 1982, from October 1, 1981), at the rate per annum, until the principal hereof shall have become due and payable, specified in the title of this bond, payable on April 1 and October 1 in each year.

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.

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This bond shall not be valid or become obligatory for any purpose unless and until it shall have been authenticated by the execution by the Trustee or its successor in trust under the Indenture of the certificate endorsed hereon.

IN WITNESS WHEREOF, ALABAMA POWER COMPANY has caused this bond to be executed in its name by its President or one of its Vice Presidents by his signature or a facsimile thereof, and its corporate seal or a facsimile thereof to be hereto affixed and attested by its Secretary or one of its Assistant Secretaries by his signature or a facsimile thereof.

Dated,

ALABAMA POWER COMPANY,

By
President.

Attest:

.....
Secretary.

TRUSTEE'S AUTHENTICATION CERTIFICATE

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

CHEMICAL BANK,
As Trustee,

By
Authorized Officer.

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[REVERSE]

ALABAMA POWER COMPANY

FIRST MORTGAGE BOND, 18¼% SERIES DUE OCTOBER 1, 1989

The interest payable on any April 1 or October 1 will, subject to certain exceptions provided in the Indenture hereinafter mentioned, be paid to the person in whose name this bond is registered at the close of business on the record date, which shall be the March 15 or September 15, as the case may be, next preceding such interest payment date, or, if such March 15 or September 15 shall be a legal holiday or a day on which banking institutions in the Borough of Manhattan, The City of New York, are authorized to close, the next preceding day which shall not be a legal holiday or a day on which such institutions are so authorized to close. The principal of and the premium, if any, and interest on this bond shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, designated for that purpose, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

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This bond is one of the bonds issued and to be issued from time to time under and in accordance with and all secured by an indenture of mortgage or deed of trust dated as of January 1, 1942, given by the Company to Chemical Bank & Trust Company, as trustee, under which indenture Chemical Bank (hereinafter sometimes referred to as the "Trustee") is successor trustee, and indentures supplemental thereto, to which indenture and indentures supplemental thereto (hereinafter referred to collectively as the "Indenture") reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security and the rights, duties and immunities thereunder of the Trustee and the rights of the holders of said bonds and of the Trustee and of the Company in respect of such security, and the limitations on such rights. By the terms of the Indenture the bonds to be secured thereby are issuable in series which may vary as to date, amount, date of maturity, rate of interest and in other respects as in the Indenture provided. Modifications or alterations of the Indenture may be made only to the extent and in the circumstances permitted by the Indenture.

Upon notice given by mailing the same, by first class mail postage prepaid, not less than thirty nor more than forty-five days prior to the

date fixed for redemption to each registered holder of a bond to be redeemed (in whole or in part) at the last address of such holder appearing on the registry books, any or all of the bonds of this series may be redeemed by the Company, at its option, or by operation of various provisions of the Indenture, at any time and from time to time by the payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, together (a), if redeemed otherwise than by the operation of the sinking or improvement fund or the maintenance and/or replacement provisions of the Indenture and otherwise than by the use of proceeds of released property, as more fully set forth in the Indenture, with a premium equal to a percentage of the principal amount thereof determined as set forth in the tabulation below under the heading "Regular Redemption Premium", provided, however, that none of the bonds of this series shall be so redeemed prior to October 1, 1986 if such redemption is for the purpose or in anticipation of refunding such bond through the use, directly or indirectly, of funds borrowed by the Company at an effective interest cost to the Company (computed in accordance with generally accepted financial practice) of less than 18.44% per annum, and (b), if redeemed by the operation of the sinking or improvement fund or the maintenance and/or replacement provisions of the Indenture or by the use of proceeds of released property, as more fully set forth in the Indenture, without premium:

If Redeemed During the Twelve Months Ending the Last Day of September,

<u>Year</u>	<u>Regular Redemption Premium</u>
1982	18.25%
1983	15.21%
1984	12.17%
1985	9.13%
1986	6.09%
1987	3.05%
1988	0.00%
1989	0.00%

In case of certain defaults as specified in the Indenture, the principal of this bond may be declared or may become due and payable on the conditions, at the time, in the manner and with the effect provided in the Indenture.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this bond, or for any claim based hereon, or otherwise in respect hereof or of the Indenture, to or against any incorporator, stockholder, director or officer, past, present or future, as such, of the Company, or of any predecessor or successor company, either directly or through the Company, or such predecessor or successor company, under any constitution or statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, stockholders, directors and officers, as such, being waived and released by the holder and owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Indenture.

This bond is transferable by the registered holder hereof, in person or by attorney duly authorized, at the principal office of the Trustee, in the Borough of Manhattan, The City of New York, or at such other office or agency of the Company as the Company may from time to time designate, but only in the manner prescribed in the Indenture, upon the surrender and cancellation of this bond and the payment of charges for registration of transfer, and upon any such registration of transfer a new registered bond or bonds, without coupons, of the same series and maturity date and for the same aggregate principal amount, in authorized denominations, will be issued to the transferee in exchange herefor. The Company and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner for the purpose of receiving payment and for all other purposes. Registered bonds of this series shall be exchangeable for registered bonds of other authorized denominations having the same aggregate principal amount, in the manner and upon the conditions prescribed in the Indenture. However, notwithstanding the provisions of the Indenture, no charge shall be made upon any registration of transfer or exchange of bonds of this series other than for any tax or taxes or other governmental charge required to be paid by the Company.

AND WHEREAS all acts and things necessary to make the bonds of the Third 1981 Series, when authenticated by the Trustee and issued as

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in the Indenture, as heretofore supplemented and amended, and this Supplemental Indenture provided, the valid, binding and legal obligations of the Company, and to constitute the Indenture, as heretofore supplemented and amended, and this Supplemental Indenture valid, binding and legal instruments for the security thereof, have been done and performed, and the creation, execution and delivery of the Indenture, as heretofore supplemented and amended, and this Supplemental Indenture and the creation, execution and issue of bonds subject to the terms hereof and of the Indenture, as heretofore supplemented and amended, have in all respects been duly authorized;

Now, THEREFORE, in consideration of the premises, and of the acceptance and purchase by the holders thereof of the bonds issued and to be issued under the Indenture or the Indenture as supplemented and amended, and of the sum of One Dollar duly paid by the Trustee to the Company, and of other good and valuable considerations, the receipt of which is hereby acknowledged, and for the purpose of securing the due and punctual payment of the principal of and premium, if any, and interest on the bonds now outstanding under the Indenture, or the Indenture as supplemented and amended, and the \$100,000,000 principal amount of bonds of the Third 1981 Series proposed to be initially issued and all other bonds which shall be issued under the Indenture, or the Indenture as supplemented and amended, and for the purpose of securing the faithful performance and observance of all covenants and conditions therein and in any indenture supplemental thereto set forth, the Company has given, granted, bargained, sold, transferred, assigned, hypothecated, pledged, mortgaged, warranted, aliened and conveyed and by these presents does give, grant, bargain, sell, transfer, assign, hypothecate, pledge, mortgage, warrant, alien and convey unto Chemical Bank, as Trustee, as provided in the Indenture, and its successor or successors in the trust thereby and hereby created, and to its or their assigns forever, all the right, title and interest of the Company in and to all improvements and additions to property of the Company subject to the lien of the Indenture made, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, together (subject to the provisions of Article X of the Indenture) with the tolls, rents, revenues, issues, earnings, income, products and profits thereof, and does hereby confirm that the Company will not cause or consent to a partition, either voluntary or through legal proceedings, of property, whether heretofore or

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hereafter acquired, in which its ownership shall be as a tenant in common except as permitted by and in conformity with the provisions of the Indenture and particularly of said Article X thereof.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the premises, property, franchises and rights, or any thereof, referred to in the foregoing granting clauses, with the reversion and reversions, remainder and remainders and (subject to the provisions of Article X of the Indenture) the tolls, rents, revenues, issues, earnings, income, products and profits thereof, and all the estate, right, title and 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 premises, property, franchises and rights and every part and parcel thereof.

TO HAVE AND TO HOLD all said premises, property, franchises and rights hereby conveyed, assigned, pledged or mortgaged, or intended so to be, unto the Trustee, its successor or successors in trust, and their assigns forever;

BUT IN TRUST, NEVERTHELESS, with power of sale, for the equal and proportionate benefit and security of the holders of all bonds and interest coupons now or hereafter issued under the Indenture, as supplemented and amended, pursuant to the provisions thereof, and for the enforcement of the payment of said bonds and coupons when payable and the performance of and compliance with the covenants and conditions of the Indenture, as supplemented and amended, without any preference, distinction or priority as to lien or otherwise of any bond or bonds over others by reason of the difference in time of the actual issue, sale or negotiation thereof or for any other reason whatsoever, except as otherwise expressly provided in the Indenture, as supplemented and amended; and so that each and every bond now or hereafter issued thereunder shall have the same lien, and so that the principal of and premium, if any, and interest on every such bond shall, subject to the terms thereof, be equally and proportionately secured thereby and hereby, as if it had been made, executed, delivered, sold and negotiated simultaneously with the execution and delivery of the Indenture.

AND IT IS EXPRESSLY DECLARED that all bonds issued and secured thereunder and hereunder are to be issued, authenticated and delivered, and all said premises, property, franchises and rights hereby and by the Indenture, as supplemented and amended, conveyed, assigned, pledged or mortgaged, or intended so to be (including all the right, title and

interest of the Company in and to any and all premises, property, franchises and rights of every kind and description, real, personal and mixed, tangible and intangible, acquired by the Company after the execution and delivery of the Indenture and whether or not specifically described in the Indenture or in any indenture supplemental thereto, except any therein expressly excepted), are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes expressed in the Indenture, as supplemented and amended, and it is hereby agreed as follows:

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Bonds of 1981 (Third Series), until the principal thereof shall have become due and payable, shall bear interest at the annual rate designated in the title thereof, payable semiannually on April 1 and October 1 in each year.

The principal of and the premium, if any, and the interest on the bonds of 1981 (Third Series) shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, at the office or agency of the Company in the Borough of Manhattan, The City of New York, designated for that purpose.

The transfer of the bonds of 1981 (Third Series) may be registered at the principal office of the Trustee, in the Borough of Manhattan, The City of New York, or at such other office or agency of the Company as the Company may from time to time designate. Bonds of 1981 (Third Series) shall be exchangeable for other bonds of the same series, in the manner and upon the conditions prescribed in the Indenture, upon the

surrender of such bonds at said principal office of the Trustee, or at such other office or agency of the Company as the Company may from time to time designate. However, notwithstanding the provisions of Section 2.05 of the Indenture, no charge shall be made upon any registration of transfer or exchange of bonds of said series other than for any tax or taxes or other governmental charge required to be paid by the Company.

The person in whose name any bond of 1981 (Third Series) is registered at the close of business on any record date (as hereinbelow defined) with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding the cancellation of such bond upon any registration of transfer or exchange thereof subsequent to the record date and prior to such interest payment date, except if and to the extent the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name such bond (or any bond or bonds issued, directly or after intermediate transactions, upon registration of transfer or exchange or in substitution thereof) is registered on a subsequent record date for such payment established as hereinafter provided. A subsequent record date may be established by the Company by notice mailed to the holders of bonds not less than ten days preceding such record date, which record date shall be not less than five nor more than thirty days prior to the subsequent interest payment date. The term "record date" as used in this Section with respect to any regular interest payment date shall mean the March 15 or September 15, as the case may be, next preceding such interest payment date, or, if such March 15 or September 15 shall be a legal holiday or a day on which banking institutions in the Borough of Manhattan, The City of New York, are authorized by law to close, the next preceding day which shall not be a legal holiday or a day on which such institutions are so authorized to close.

Except as provided in this Section, every bond of 1981 (Third Series) shall be dated and shall bear interest as provided in Section 2.03 of the Indenture; provided, however, that, so long as there is no existing default in the payment of interest on such bonds, the holder of any bond authenticated by the Trustee between the record date for any interest payment date and such interest payment date shall not be entitled to the payment of the interest due on such interest payment date and shall have no claim against the Company with respect thereto; provided, further, that, if and to the extent the Company shall default in the payment of

the interest due on such interest payment date, then any such bond shall bear interest from the April 1 or October 1, as the case may be, next preceding the date of such bond, to which interest has been paid or, if the Company shall be in default with respect to the interest due on April 1, 1982, then from October 1, 1981.

Any or all of the bonds of 1981 (Third Series) shall be redeemable at the option of the Company, or by operation of various provisions of the Indenture, at any time and from time to time, prior to maturity, upon notice given by mailing the same, by first class mail postage prepaid, not less than thirty nor more than forty-five days prior to the date fixed for redemption to each registered holder of a bond to be redeemed (in whole or in part) at the last address of such holder appearing on the registry books, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, together (a), if redeemed otherwise than by the operation of Section 2.12 or of Section 7.07 of the Indenture or of Section 3 of the Supplemental Indenture dated as of May 1, 1957 or of Section 2 or 4 of this Supplemental Indenture or of the sinking or improvement fund or maintenance and/or replacement provisions of any other Supplemental Indenture and otherwise than by the use of proceeds of released property, as defined in the Indenture, with a regular redemption premium equal to a percentage of the principal amount thereof determined as set forth in the tabulation appearing in the form of bond hereinbefore set forth, provided, however, that none of the bonds of 1981 (Third Series) shall be so redeemed prior to October 1, 1986 if such redemption is for the purpose or in anticipation of refunding such bond through the use, directly or indirectly, of funds borrowed by the Company at an effective interest cost to the Company (computed in accordance with generally accepted financial practice) of less than the cost per annum appearing in the form of bond hereinbefore set forth, and (b), if redeemed by the operation of Section 2.12 or of Section 7.07 of the Indenture or of Section 3 of the Supplemental Indenture dated as of May 1, 1957 or of Section 2 or 4 of this Supplemental Indenture or of the sinking or improvement fund or maintenance and/or replacement provisions of any other Supplemental Indenture or by the use of proceeds of released property, as defined in the Indenture, either (i) with a special redemption premium, if any, equal to a percentage of the principal amount thereof determined as set forth in the tabulation appearing in the form of bond hereinbefore set forth or (ii) if no special redemption premium is so set forth, then without premium.

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SECTION 2. The Company covenants that, so long as any bonds of 1981 (Third Series) shall be outstanding under the Indenture, it will on or before June 1 in each year commencing with June 1, 1982:

(a) deposit with the Trustee, subject to the provisions of this Section, cash and/or bonds of any series authenticated under the Indenture then outstanding (taken at their principal amount) in an amount equal to the "improvement fund requirement" (which term, as used in this Section, shall mean for any year an amount equal to one per centum (1%) of the aggregate principal amount of bonds of 1981 (Third Series) authenticated and delivered by the Trustee pursuant to the provisions of Articles IV, V and VI of the Indenture, prior to January 1 of that year, after deducting from such aggregate principal amount the principal amount of bonds of 1981 (Third Series) which, prior to January 1 of that year, have been deposited with the Trustee for cancellation as the basis for the release of property or for the withdrawal of cash representing proceeds of released property or have been purchased or redeemed by the use of proceeds of released property); or

(b) to the extent that it does not so deposit cash and/or bonds, certify to the Trustee unfunded net property additions in an amount equal to one hundred sixty-six and two-thirds per centum (166 $\frac{2}{3}$ %) of the portion of the improvement fund requirement not so satisfied; provided, however, that so long as Section 2.12 of the Indenture shall remain in effect, compliance with the requirements of said Section 2.12 shall constitute compliance with the requirements of this Section.

The term "improvement fund certificate", as used in this Section, shall mean an accountant's certificate filed by the Company with the Trustee pursuant to this Section. Such certificate may be a separate certificate or it may be combined with an improvement fund certificate or certificates filed pursuant to the improvement fund provisions of the Indenture or of any other indenture or indentures supplemental thereto.

On or before the first day of June in each year, beginning June 1, 1982, so long as any bonds of 1981 (Third Series) are outstanding under the Indenture, the Company shall (if Section 2.12 of the Indenture is no longer in effect) deliver to the Trustee an improvement fund certificate showing the improvement fund requirement for that year, the amount of cash, if any, and the principal amount of bonds authenticated under the Indenture then outstanding, if any, then to be deposited by the Company with the Trustee and, if the Company elects to satisfy the improvement fund requirement for that year in whole or in part by the certification of unfunded net property additions, the amount, if any, of

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unfunded net property additions to be certified. The Company shall, concurrently with the delivery to the Trustee of such certificate, deposit with the Trustee the amount of cash, if any, and the principal amount of bonds, if any, shown in such certificate.

No property additions shall be certified in any improvement fund certificate pursuant to the provisions of this Section unless there shall be delivered to the Trustee with such certificate the applicable certificates, opinion of counsel, instruments and cash, if any, required by paragraphs (3), (4), (5), (7), (9) and (10) of Section 4.05 of the Indenture, showing that the Company has unfunded net property additions equal to the amount so certified.

The Trustee shall hold any cash deposited with it under the provisions of this Section as a part of the mortgaged and pledged property until paid out as hereinafter provided. Any cash deposited with the Trustee under the provisions of this Section may, upon receipt by the Trustee of the written order of the Company signed by its President or a Vice President, of a treasurer's certificate such as is described in paragraph (2) of Section 4.05 of the Indenture and of an opinion of counsel,

(1) be withdrawn, used or applied by the Company in accordance with the provisions of paragraph (2), (3) or (4) of Section 10.05 of the Indenture, except that any premium required to be paid to purchase or redeem bonds shall be paid out of funds held by the Trustee under this Section and the Company shall not be required to furnish the Trustee with additional funds for such purpose or to reimburse the Trustee or the improvement fund for moneys so paid out. Interest and expenses in connection with purchases or redemptions pursuant to this Section shall be dealt with as provided in Section 9.05 of the Indenture; or

(2) be withdrawn by the Company to the extent of sixty per centum (60%) of the amount of unfunded net property additions certified to the Trustee for such purpose, but only upon receipt by the Trustee of the applicable certificates, opinion of counsel, instruments and cash, if any, required by paragraphs (3), (4), (5), (7), (9) and (10) of Section 4.05 of the Indenture, showing that the Company has unfunded net property additions equal to the amount so certified.

Bonds deposited with the Trustee pursuant to this Section, or purchased or redeemed by the use of cash deposited pursuant to this Section, shall be cancelled and shall not be thereafter made the basis for the authentication of bonds, the withdrawal, use or application of cash, or the release of property, under any of the provisions of the Indenture,

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or thereafter used to satisfy the requirements of this Section or of any other sinking or improvement fund provided for in the Indenture or in any indenture supplemental thereto or to satisfy an unsatisfied balance of the maintenance and replacement requirement (as defined in Section 7.07 of the Indenture) or to satisfy any replacement deficit pursuant to Section 3 of the Supplemental Indenture dated as of May 1, 1957 or Section 4 of this Supplemental Indenture.

To the extent that unfunded net property additions are certified to the Trustee to satisfy the improvement fund requirement for any year in whole or in part or as a basis for the withdrawal of cash deposited with the Trustee under the provisions of this Section, the amount of such unfunded net property additions shall thereafter be deducted in computing the amount of unfunded net property additions under Section 1.11 of the Indenture and in computing gross property additions under Section 7.07 of the Indenture.

The Company covenants that it will not, in any calendar year prior to 1987, redeem any bonds of 1981 (Third Series) through the operation of Section 2.12 of the Indenture, this Section or the sinking or improvement fund provisions of any other Supplemental Indenture in a principal amount which would exceed the improvement fund requirement for such year provided for in this Section.

SECTION 3. Section 7.07 of the Indenture is hereby amended (a) by inserting after the word "bonds" in the second line of the second paragraph thereof the words "of any series created prior to September 1, 1981" and (b) by inserting after the word "will," in the first line of the fifth paragraph thereof the words "so long as any bonds of any series created prior to September 1, 1981 shall be outstanding under this Indenture,".

SECTION 4. The Company covenants that, so long as any bonds of 1981 (Third Series) shall be outstanding under the Indenture, the Company will, on or before June 1, 1982 and on or before June first of each calendar year thereafter, furnish to the Trustee a certificate (to be known as a replacement certificate) showing separately:

(a) the sum of the amounts equal to the product of the applicable percentage (as hereinafter defined) and the mathematical average of the amounts of depreciable property (as hereinafter defined) at the opening of business on January 1 and at the close of business on December 31 of each calendar year subsequent to December 31,

1956 and prior to the January 1 next preceding the date of the certificate (herein sometimes called "the replacement requirement");

(b) the amount specified pursuant to paragraph (a) in the replacement certificate filed in the preceding year, if any, or if no such certificate was filed in the preceding year, the amount specified pursuant to paragraph (11) of Section 3 of the Supplemental Indenture dated as of May 1, 1957 in the maintenance certificate filed pursuant to Section 7.07 of the Indenture in the preceding year;

(c) the difference between the amount specified in paragraph (a) above and the amount specified in paragraph (b) above;

(d) the amount applied for renewals and replacements (as such term is defined in Section 7.07 of the Indenture, but for the period commencing January 1, 1957 instead of January 1, 1942), of the mortgaged and pledged property (other than specially classified property) subsequent to December 31, 1956 and prior to the January 1 next preceding the date of the certificate;

(e) the amount specified pursuant to paragraph (d) in the replacement certificate filed in the preceding year, if any, or if no such certificate was filed in the preceding year, the amount specified pursuant to paragraph (14) of Section 3 of the Supplemental Indenture dated as of May 1, 1957 in the maintenance certificate filed pursuant to Section 7.07 of the Indenture in the preceding year;

(f) the difference between the amount specified in paragraph (d) above and the amount specified in paragraph (e) above;

(g) the sum of the amounts of the unsatisfied balances of the maintenance and replacement requirement provided for in Section 7.07 of the Indenture which the Company has satisfied subsequent to December 31, 1957 or is satisfying concurrently with the filing of the certificate, less the principal amount of bonds and cash deposited with the Trustee subsequent to December 31, 1957 to satisfy any such unsatisfied balance and thereafter withdrawn and the amount of unfunded net property additions certified to the Trustee for such purpose subsequent to December 31, 1957 and thereafter offset upon the basis of a maintenance credit as provided in said Section 7.07 of the Indenture;

(h) the amount specified pursuant to paragraph (g) of the replacement certificate filed in the preceding year, if any, or if no such certificate was filed in the preceding year, the amount specified pursuant to paragraph (17) of Section 3 of the Supplemental Indenture dated as of May 1, 1957 in the maintenance certificate filed pursuant to Section 7.07 of the Indenture in the preceding year;

(i) the difference between the amount specified in paragraph (g) above and the amount specified in paragraph (h) above;

(j) any available replacement credit, as hereinafter defined, and the computation thereof;

(k) the replacement credit or replacement deficit, as hereinafter defined;

provided, however, that so long as the Company is required to furnish to the Trustee a maintenance certificate pursuant to Section 7.07 of the Indenture and Section 3 of the Supplemental Indenture dated as of May 1, 1957, compliance with such requirement shall constitute compliance with the requirements of this Section.

The term "applicable percentage" shall mean 2.1% when applied to periods during which Section 2.12 of the Indenture shall be or have been in effect and 2.25% when applied to other periods or, in either case, such other percentage as shall be authorized or approved, upon application by the Company, by the Securities and Exchange Commission, or by any successor commission thereto, under the Public Utility Holding Company Act of 1935. The Company reserves the right to apply, at any time and from time to time after the date of this Supplemental Indenture, for a revision of the then current applicable percentage and, in the event that the revised percentage proposed by the Company shall be authorized or approved as hereinabove provided, the applicable percentage shall be changed accordingly.

The term "depreciable property" shall mean, as of any specified time of computation, an amount, determined in accordance with generally accepted accounting principles, equal to the sum of (a) the aggregate of the cost to the Company, or the original cost (whichever is less), of the depreciable mortgaged and pledged property (other than specially classified property), excluding any amount included in utility plant acquisition adjustments accounts or in any accounts for similar purposes, and (b) amounts included in the utility plant acquisition adjustments accounts of the Company if (1) the Company shall have failed to provide a reserve therefor on its books and (2) the Company shall have failed to make provision for charges to income and/or periodic charges to surplus in lieu of charges to income adequate to permit the write-off thereof at the expiration of the estimated useful life of the property represented thereby.

The term "replacement credit" shall mean the excess of the sum of the amounts stated pursuant to paragraphs (f), (i) and (j) above over the amount stated pursuant to paragraph (c) above, and the term "available

replacement credit" shall mean the amount of the replacement credit, if any, stated in paragraph (k) of the last replacement certificate theretofore filed or, with respect to the first replacement certificate filed, the amount of the replacement credit, if any, stated in paragraph (21) of the last maintenance certificate theretofore filed pursuant to Section 7.07 of the Indenture and Section 3 of the Supplemental Indenture dated as of May 1, 1957, less the principal amount of bonds and cash thereafter withdrawn and the amount of unfunded net property additions thereafter offset upon the basis of such replacement credit as hereinafter in this Section provided.

The term "replacement deficit" shall mean the amount by which the amount stated pursuant to paragraph (c) above exceeds the sum of the amounts stated pursuant to paragraphs (f), (i) and (j) above.

In case any replacement certificate shows a replacement deficit, the Company covenants that it will, concurrently with the filing of such certificate, satisfy such replacement deficit by any one or more of the following methods:

- depositing cash with the Trustee;
- depositing with the Trustee bonds authenticated and outstanding under the Indenture; or
- certifying to the Trustee unfunded net property additions

in an amount or amounts equal to the amount of such replacement deficit.

For the purpose of computing the amount of any deposit or certification for the purposes of this Section, bonds authenticated under the Indenture and deposited shall be included at the principal amount thereof.

If the Company shall own or acquire any property which does not constitute property additions solely because it is subject to a prior lien, then, so long as such property shall be subject to such prior lien, there may be included in the amount applied for renewals and replacements and certified as unfunded net property additions to satisfy any replacement deficit the amount applied for renewals and replacements of, and of net additions to, as the case may be, such property subsequent to the date of actual acquisition of the property subject to such prior lien and the amount of cash or bonds (taken at their principal amount) secured by such prior lien deposited with the trustee or other holder of such prior

lien, subsequent to such date, pursuant to a requirement of such prior lien similar in purpose to that of this Section, up to but not exceeding the percentage of the replacement requirement subsequent to such date which the total cost of such property subject to such prior lien is of the sum of (a) one hundred and sixty-six and two-thirds per centum (166⅔%) of the principal amount of the bonds outstanding under the Indenture on the date of the acquisition of such property and (b) the cost of such property. As to any such property so owned on January 1, 1957, the date of the acquisition of such property shall be deemed to be January 1, 1957. The certificates, opinions and other items required to be delivered to the Trustee to comply with the requirements of this Section and Section 4.05 of the Indenture may contain such appropriate modifications from the contents thereof otherwise required by the provisions of the Indenture applicable thereto as may be necessary to permit of the operation of the provisions of this paragraph.

No unfunded net property additions shall be certified to satisfy any replacement deficit unless there shall be delivered to the Trustee, with such certification, the applicable certificates and opinion of counsel, and instruments and cash, if any, required by paragraphs (3), (4), (5), (7), (9) and (10) of Section 4.05 of the Indenture (except that property which would be a property addition except for the fact that it is subject to a prior lien shall be separately described and may be included as a property addition under the circumstances and to the extent set forth in the next preceding paragraph of this Section) showing that the Company has unfunded net property additions equal to the amount so certified.

The Trustee shall hold any cash deposited with it under the provisions of this Section as a part of the mortgaged and pledged property until paid out as hereinafter provided. Upon receipt by the Trustee of the written order of the Company, signed by its President or a Vice-President, of a treasurer's certificate such as is described in paragraph (2) of Section 4.05 of the Indenture, and of an opinion of counsel, cash deposited under the provisions of this Section may

(xx) be withdrawn by the Company in an amount equal to any available replacement credit; or

(yy) be withdrawn by the Company to the extent of the amount of unfunded net property additions certified for the purpose, but only upon receipt by the Trustee of the applicable certificates, opinion of counsel and instruments and cash, if any, required by paragraphs (3), (4), (5), (7), (9) and (10) of Section 4.05 of the Indenture; or

(zz) be withdrawn by the Company or used or applied in accordance with the provisions of paragraph (2), (3) or (4) of Section 10.05 of the Indenture, except that any premium required to be paid to purchase or redeem bonds shall be paid out of funds held by the Trustee under this Section and the Company shall not be required to furnish the Trustee with additional funds for such purpose or to reimburse the Trustee or the replacement fund for moneys so paid out. Interest and expenses in connection with purchases or redemptions pursuant to this Section shall be dealt with as provided in Section 9.05 of the Indenture.

The amount of unfunded net property additions which has been certified to satisfy any replacement deficit or to withdraw any cash deposited with the Trustee pursuant to this Section may be offset, for the purpose of computing thereafter the amount of unfunded net property additions, in an amount equal to any available replacement credit or to the principal amount of bonds issued and outstanding under the Indenture deposited with the Trustee for such purpose. Such offset shall become effective upon the filing with the Trustee of (i) a treasurer's certificate stating the amount of unfunded net property additions theretofore certified for such purposes to be offset and the manner in which such offset is to be effected and (ii) an opinion of counsel. If such offset is to be effected by the deposit of bonds, such treasurer's certificate shall be accompanied by such bonds.

Bonds deposited with or purchased or redeemed by the Trustee pursuant to this Section shall be held by the Trustee until withdrawn (or cancelled) as hereinafter provided and, while so held, shall not be made the basis for the authentication of bonds, the withdrawal, use or application of cash or the release of property, under any of the provisions of the Indenture, or used to satisfy an unsatisfied balance of the maintenance and replacement requirement or replacement deficit or to satisfy the requirements of Section 2.12 of the Indenture or of any other sinking or improvement fund provided for in any indenture supplemental thereto. Any bonds deposited with or purchased or redeemed by the Trustee pursuant to this Section may be withdrawn (unless cancelled as hereinafter provided) by the Company, upon receipt by the Trustee of the written order of the Company signed by its President or Vice-President, of a treasurer's certificate such as is described in paragraph (2) of Section 4.05 of the Indenture and of an opinion of counsel, in principal amount equal to (i) any available replacement credit or (ii) the amount of cash deposited with the Trustee to be held by it pursuant to

the provisions of this Section until withdrawn, used or applied as provided in this Section. No payment by way of principal, interest or otherwise on any bonds so held by the Trustee shall be made or demanded by the Trustee while so held and the coupons thereto appertaining as they mature shall be cancelled and cremated by the Trustee, but such bonds, while so held by the Trustee, shall be deemed to be outstanding for the purposes of net earnings certificates.

At the option of the Company, bonds deposited with or purchased or redeemed by the Trustee pursuant to this Section shall, upon receipt by the Trustee of the written order of the Company signed by its President or a Vice-President, be cancelled by the Trustee and, if so cancelled, shall not thereafter be made the basis for the authentication of bonds, the withdrawal, use or application of cash or the release of property, under any of the provisions of the Indenture, or used to satisfy an unsatisfied balance of the maintenance and replacement requirement or a replacement deficit or to satisfy the requirements of Section 2.12 of the Indenture or of any other sinking or improvement fund provided for in any indenture supplemental thereto.

To the extent that unfunded net property additions are certified to the Trustee to satisfy a replacement deficit for any year in whole or in part or as a basis for the withdrawal of cash deposited with the Trustee under the provisions of this Section, the aggregate amount of such unfunded net property additions (after deducting from such aggregate the amount [not exceeding such aggregate] by which the same has been offset by available replacement credit or the deposit of outstanding bonds as provided in this Section) shall thereafter be deducted in computing the amount of unfunded net property additions under Section 1.11 of the Indenture.

Subject to the provisions of Article XVI of the Indenture, the Trustee may accept said replacement certificate and any other documents delivered to it under this Section as conclusive evidence of any matter or fact therein set forth, and, subject as aforesaid, shall not incur any liability or responsibility for any action taken or omitted to be taken in reliance thereon.

The Company covenants that it will not, in any calendar year, redeem any bonds of 1981 (Third Series) through the operation of Section 7.07 of the Indenture, Section 3 of the Supplemental Indenture dated as of May 1, 1957 or this Section in a principal amount which would exceed one

per centum (1%) of the aggregate principal amount of bonds of 1981 (Third Series) initially authenticated and delivered under this Supplemental Indenture.

So long as this Section shall be in effect, Subdivision I(4) of Section 1.03 of the Indenture, as heretofore amended, is hereby amended to read as follows:

"(4) the operating expenses, including accruals for taxes (except undistributed earnings, income and excess profits taxes and any like taxes measured by income), rentals, insurance, actual charges for current repairs and maintenance and charges to expense or income to provide for depreciation and for the amortization of plant acquisition adjustments account (but excluding interest, deductions used in computing net non-operating revenues and charges to income for the amortization of debt discount and expense), plus the amount, if any, by which charges to expense or income to provide for depreciation are less than an amount equal to the product of the applicable percentage (as defined in Section 4 of the Supplemental Indenture dated as of October 1, 1981) and the mathematical average of the amounts of depreciable property (as defined in said Section 4 of said Supplemental Indenture dated as of October 1, 1981) at the opening of business on the first day and at the close of business on the last day of such period of twelve consecutive calendar months; provided, however, that, so long as any bonds of any series created prior to September 1, 1981 are outstanding under this Indenture, if the amount, if any, by which the aggregate of the actual charges for current repairs and maintenance and charges to expense or income to provide for depreciation is less than fifteen per centum (15%) of the gross operating revenues of the Company after deducting from such gross operating revenues the amount spent for electric energy, gas or steam purchased by it for resale is greater than such amount, then the amount to be included in operating expenses shall be such greater amount;"

To the extent that the provisions of this Section are inconsistent with any other provisions of the Indenture or any indenture supplemental thereto, the provisions of this Section shall control; and adjustments shall be made in any applicable certificate, opinion of counsel or document to reflect compliance with and absence of violation of the provisions of this Section.

SECTION 5. The Company covenants that, so long as any bonds of 1981 (Third Series) shall be outstanding under the Indenture, it will not, after September 30, 1981, declare or pay any dividends, or make any other

distributions (except (a) dividends payable or distributions made in shares of common stock of the Company and (b) dividends payable in cash in cases where, concurrently with the payment of the dividend, an amount in cash equal to the dividend is received by the Company as a capital contribution or as the proceeds of the issue and sale of shares of its common stock), on or in respect of common stock of the Company, or purchase or otherwise acquire, or permit a subsidiary to purchase or otherwise acquire, for a consideration any shares of common stock of the Company, if the aggregate of such dividends, distributions and such consideration for purchase or other acquisition of shares of common stock of the Company after September 30, 1981 shall exceed:

(i) the earned surplus of the Company accumulated after September 30, 1981 (determined in accordance with generally accepted accounting principles and without giving effect to charges to earned surplus on account of such dividends, distributions or acquisitions or on account of the disposition of any amounts which may then be classified by the Company on its books as amounts in excess of the original cost of utility plant or to charges or credits to earned surplus applicable to the period prior to October 1, 1981, including charges for write-offs or write-downs of book values of assets owned by the Company on September 30, 1981), plus

(ii) the earned surplus of the Company accumulated prior to October 1, 1981 in an amount not exceeding \$163,000,000, plus

(iii) such additional amount as shall be authorized or approved, upon application by the Company, by the Securities and Exchange Commission, or by any successor commission thereto, under the Public Utility Holding Company Act of 1935.

For the purposes of this Section, in determining the earned surplus of the Company accumulated after September 30, 1981, there shall be deducted the dividends accruing subsequent to September 30, 1981 on preferred stock of the Company and the total amount, if any, by which the charges to income or earned surplus since September 30, 1981 as provision for depreciation of the mortgaged and pledged property (other than specially classified property) shall have been less than the sum of the amounts equal to the product of the applicable percentage (as defined in Section 4 hereof) and the mathematical average of the amounts of depreciable property (as defined in said Section 4) at the opening of business on the first day and at the close of business on the last day of each calendar year (and, proportionately, of each period of months which is less than a calendar year) subsequent to September 30, 1981 included

in the period for which earned surplus is being determined; provided, however, that, so long as any bonds of any series created prior to September 1, 1981 are outstanding under the Indenture, if the total amount, if any, by which the aggregate of the charges to income or earned surplus since September 30, 1981 for repairs, maintenance and provision for depreciation of the mortgaged and pledged property (other than specially classified property) shall have been less than 15% of the gross operating revenues derived by the Company subsequent to September 30, 1981 from the mortgaged and pledged property (other than specially classified property), after deduction from such revenues of the aggregate cost of electric energy, gas and steam purchased for resale, is greater than such amount, then the amount to be deducted in determining earned surplus shall be such greater amount. The term "consideration", as used in this Section, shall mean cash or fair value if the consideration be other than cash, and the term "provision for depreciation", as used in this Section, shall not be deemed to include provision for the amortization of any amounts classified by the Company on its books as amounts in excess of the original cost of utility plant.

SECTION 6. Effective at such time as all bonds of any series created prior to September 1, 1981 shall cease to be outstanding under the Indenture, the Indenture is hereby amended as follows:

(a) The following shall be substituted in place of the current second paragraph of Section 1.08:

The term "property additions" shall not include (a) any shares of stock, obligations, bonds, evidences of debt or other securities, or contracts, leases or choses in action or cash, (b) going value or good will, as such, (c) any goods, wares or merchandise acquired for the purpose of resale in the usual course of business, (d) any materials or supplies, unless and until installed and charged to plant or plant addition account, (e) property subject to a prior lien, (f) any natural gas wells or natural gas transmission lines or other works or property used in the production of natural gas or its transmission up to the point of connection with any distribution system, (g) any specially classified property, (h) any item of property acquired to replace a similar item of property whose retirement has not been credited to plant account, or any item of property whose cost has been charged or is properly chargeable to repairs, maintenance or other operating expense account or whose cost has not been charged or is not properly chargeable to plant or plant addition account, or (i) any plant or system in which the Company shall acquire only a leasehold interest, or, unless the same shall be movable physical

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property and shall constitute personal property in the opinion of counsel, any betterments, extensions or improvements of, or additions to any plant, system or other property in which the Company shall hold only a leasehold interest. There shall not be excluded from property additions any plant, system, equipment or other property of the Company by reason of the fact that it may be located upon or under public highways or other places not owned by the Company if such property is installed or constructed pursuant to rights held under easements, rights of way, permits, licenses, franchises and other like privileges. There shall not be excluded from property additions any plant, system, equipment or other property of the Company by reason of the fact that it may be located outside of the earth's atmosphere in outer space in orbit or partial orbit around or over the earth. Materials and supplies shall become property additions when installed and charged to plant or plant addition account.

(b) The first, fourth and fifth paragraphs of Section 7.06 are amended by deleting from such paragraphs, wherever they appear, the words and figure "Fifty Thousand Dollars (\$50,000)" and inserting in lieu thereof the words and figure "Five Million Dollars (\$5,000,000)".

(c) Section 10.02(1) is amended by deleting therefrom the figure "\$10,000" and inserting in lieu thereof the figure "\$1,000,000".

(d) The first paragraph of Section 10.04 is amended by deleting from the first sentence thereof the words and figure "One Million Dollars (\$1,000,000)" and inserting in lieu thereof the words and figure "Twenty Million Dollars (\$20,000,000)".

(e) Section 10.05 is amended (i) by deleting from the fourth line of the first paragraph thereof the words "two paragraphs" and inserting in lieu thereof the word "paragraph" and (ii) by deleting the final paragraph of such Section.

(f) The following shall be substituted in place of the current first paragraph of Section 17.02:

In each and every case provided for in Section 17.01, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed supplemental indenture or any term or provision therein contained is necessary or desirable, having in view the needs of the Company and the respective rights and interests of the holders of bonds issued and to be issued hereunder; and the Trustee shall be under no responsibility or liability to any holder of any bond for any act or thing which it may do or decline to do in good faith and without negligence, subject to the provisions of this Article XVII,

in the exercise of such discretion. The Trustee may but shall not be obligated to enter into any supplemental indenture pursuant to Section 17.01 which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise. The Trustee shall be entitled to receive and, in the absence of negligence and bad faith on its part, shall be fully protected in relying upon a treasurer's certificate and an opinion of counsel as conclusive evidence that any supplemental indenture complies with the provisions of this Indenture and any indenture supplemental thereto, and that it is proper for the Trustee, under the provisions of this Article XVII, to join in the execution of such supplemental indenture.

(g) There shall be added to Article XVII the following as Section 17.04:

SECTION 17.04. With the consent (evidenced as provided in Section 12.01 hereof) of the holders of not less than a majority in aggregate principal amount of the bonds at the time outstanding which would be affected by the action proposed to be taken, the Company, when authorized by a resolution, and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of the bonds and coupons; provided, however, that anything in this Article XVII to the contrary notwithstanding (a) the bondholders shall have no power (i) to extend the fixed maturity of any bonds, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof, without the express consent of the holder of each bond which would be so affected, or (ii) to reduce the aforesaid percentage of bonds, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all bonds outstanding, or (iii) to permit the creation by the Company of any mortgage or pledge or lien in the nature thereof, not otherwise permitted hereunder, ranking prior to or equal with the lien of this Indenture, on any of the mortgaged and pledged property, or (iv) to deprive the holder of any bond outstanding hereunder of the lien of this Indenture on any of the mortgaged and pledged property; and (b) no action hereinabove specified which would affect the rights of the holders of bonds of one or more but less than all series as evidenced by an opinion of counsel may be taken unless approved by holders of not less than a majority in principal amount of outstanding bonds of such one or more series affected, but if any such action would affect the bonds of two or more series, the approval of such action on behalf of the holders of bonds of such two or more series may be approved by holders of not less than a

majority in aggregate principal amount of outstanding bonds of such two or more series, which approval need not include a majority in principal amount of outstanding bonds of each of such series.

Upon the request of the Company, accompanied by a resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of bondholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion but shall not be obligated to enter into such supplemental indenture.

It shall not be necessary for the consent of the bondholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Company shall publish a notice, setting forth in general terms the substance of such supplemental indenture, at least once in a daily newspaper of general circulation in the Borough of Manhattan, The City of New York, or at such other location as the Trustee may approve. Any failure of the Company to publish such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

(h) Paragraph (4) of Section 4.05 is amended by deleting the second paragraph thereof.

SECTION 7. As supplemented and amended by this Supplemental Indenture, the Indenture, as heretofore supplemented and amended, is in all respects ratified and confirmed, and the Indenture, as heretofore supplemented and amended, and this Supplemental Indenture shall be read, taken and construed as one and the same instrument.

SECTION 8. Nothing in this Supplemental Indenture contained shall, or shall be construed to, confer upon any person other than a holder of bonds issued under the Indenture, as supplemented and amended, the Company and the Trustee any right or interest to avail himself of any benefit under any provision of the Indenture, as heretofore supplemented and amended, or of this Supplemental Indenture.

SECTION 9. The Trustee assumes no responsibility for or in respect of the validity or sufficiency of this Supplemental Indenture or the due execution hereof by the Company or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

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SECTION 10. This Supplemental Indenture may be executed in several counterparts and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, said Alabama Power Company has caused this Supplemental Indenture to be executed in its corporate name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and to be attested by its Secretary or one of its Assistant Secretaries, and said Chemical Bank, to evidence its acceptance hereof, has caused this Supplemental Indenture to be executed in its corporate name by one of its Vice Presidents or Senior Trust Officers and its corporate seal to be hereunto affixed and to be attested by one of its Assistant Secretaries, in several counterparts, all as of the day and year first above written.

ALABAMA POWER COMPANY,

By

Frank J. Bouch
Vice President.

Attest:

W. J. Ruff
Assistant Secretary.

Signed, sealed and delivered this 8th
day of October, 1981 by ALABAMA
POWER COMPANY in the presence
of

Thomas M. Tufes
B. H. Hall Jr.

CHEMICAL BANK,

By

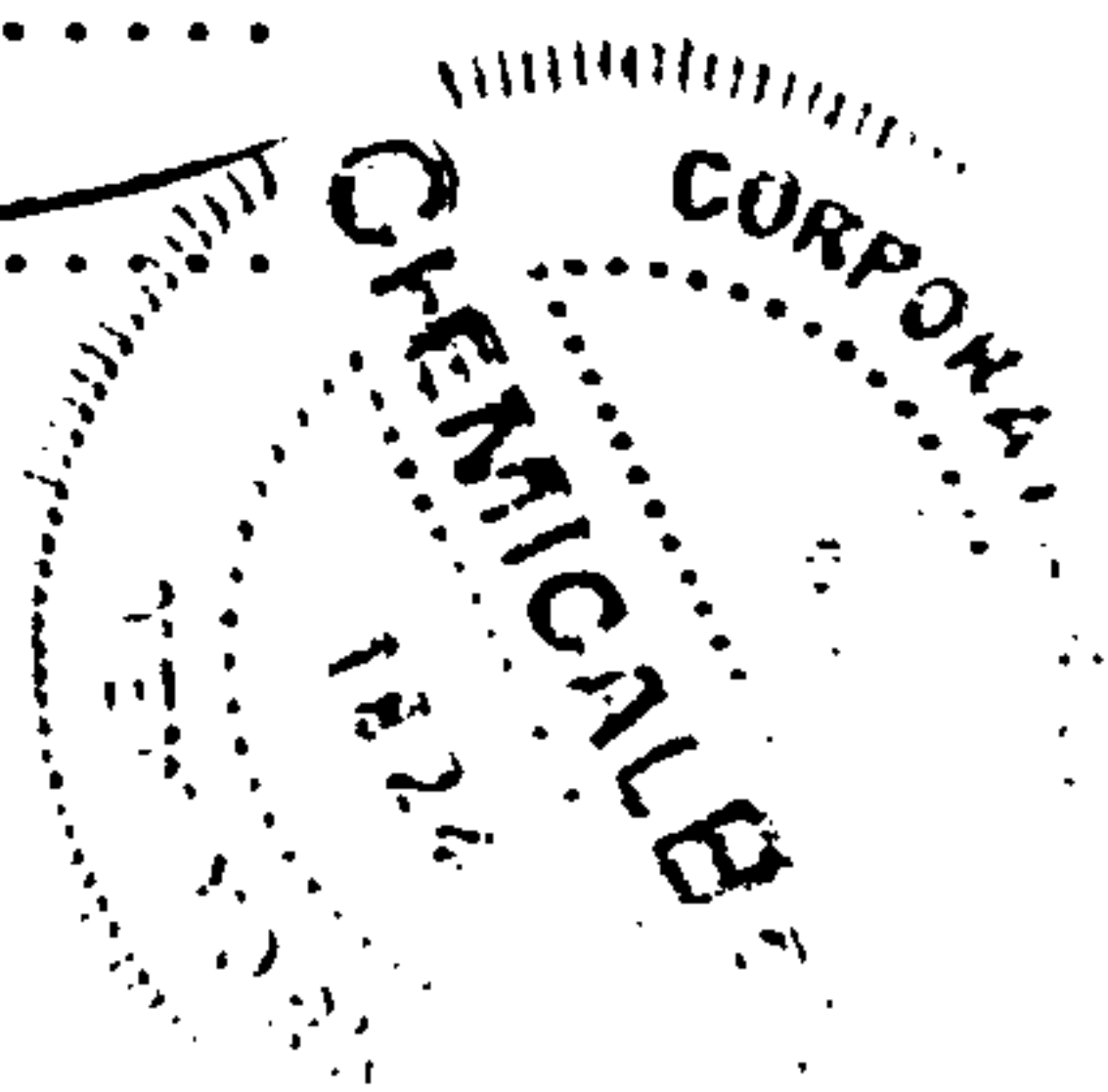
J. Lee
Senior Trust Officer.

Attest:

Blatt
Assistant Secretary.

Signed, sealed and delivered this 9th
day of October, 1981 by CHEMICAL
BANK in the presence of

T. R. Ruff
W. J. Ruff



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STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

I, AMELIA A. BROWN, a Notary Public in and for said county, in said State, hereby certify that TRAVIS J. BOWDEN, whose name as Vice President of ALABAMA POWER COMPANY, a corporation, is signed to the foregoing indenture, and who is known to me, acknowledged before me on this day that, being informed of the contents of the indenture, he, as such officer and with full authority, executed the same voluntarily for and as the Act of said corporation. Given under my hand and seal of office this 8th day of October, 1981.

Amelia A. Brown

AMELIA A. BROWN
Notary Public, State of New York
No. [REDACTED]
Qualified in New York County
Commission Expires March 30, 1982

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

On the 8th day of October, in the year one thousand nine hundred and eighty-one, before me personally came TRAVIS J. BOWDEN, to me known, who, being by me duly sworn, did depose and say that he resides at 428 Golf Drive, Birmingham, Alabama 35226; that he is a Vice President of ALABAMA POWER COMPANY, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

Amelia A. Brown

AMELIA A. BROWN
Notary Public, State of New York
No. [REDACTED]
Qualified in New York County
Commission Expires March 30, 1982

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

I, VIRGINIA BARAZOTTI, a Notary Public in and for said county, in said State, hereby certify that T. J. FOLEY, whose name as Senior Trust Officer of CHEMICAL BANK, a corporation, is signed to the foregoing indenture, and who is known to me, acknowledged before me on this day that, being informed of the contents of the indenture, he, as such officer and with full authority, executed the same voluntarily for and as the Act of said corporation. Given under my hand and seal of office this 9th day of October, 1981.

Virginia Barazotti
VIRGINIA BARAZOTTI
Notary Public, State of New York
No. [REDACTED]
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1983

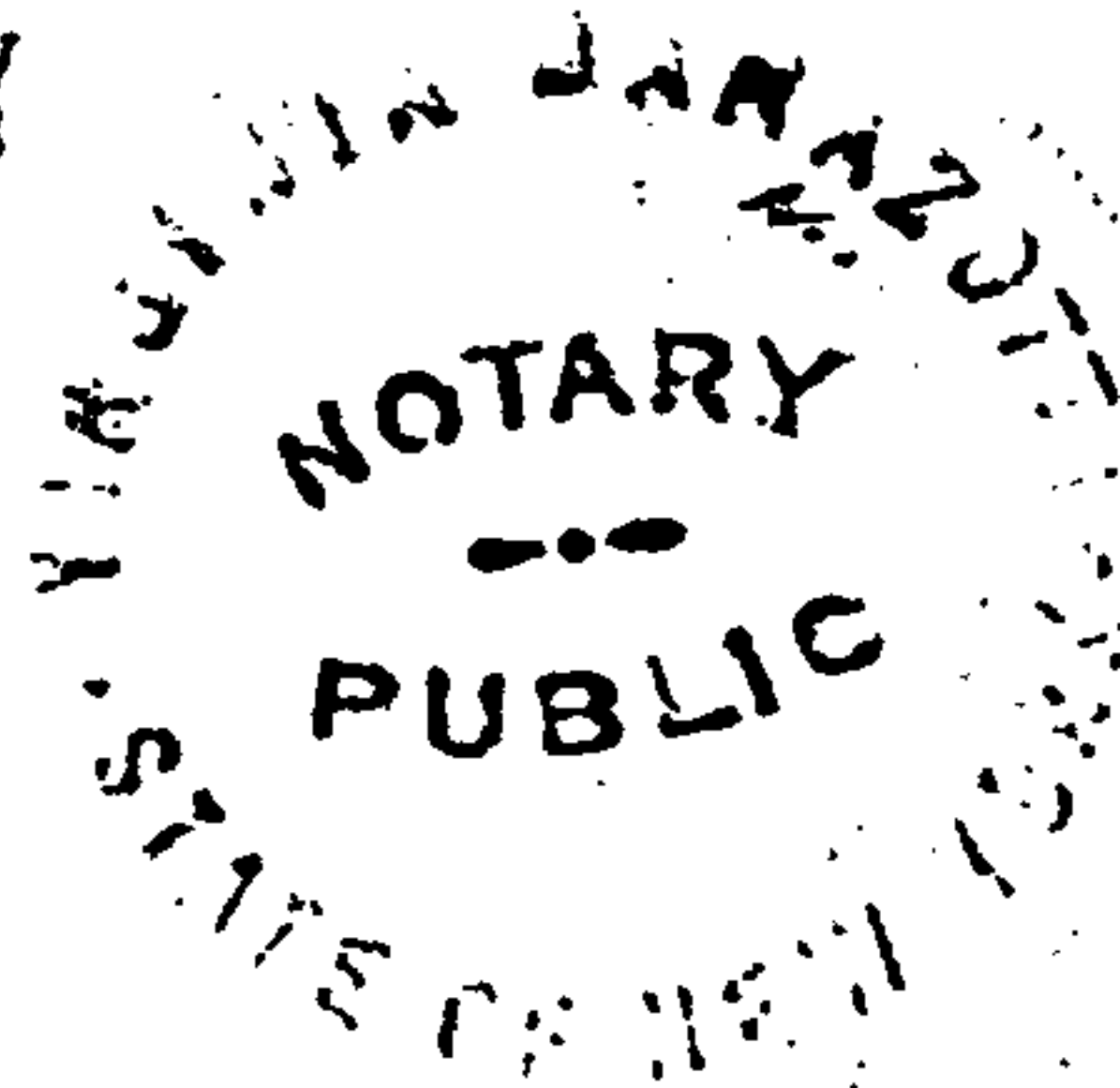


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STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

On the 9th day of October, in the year one thousand nine hundred and eighty-one, before me personally came T. J. FOLEY, to me known, who, being by me duly sworn, did depose and say that he resides at 94 South Fourth Street, Bethpage, N. Y. 11714; that he is a Senior Trust Officer of CHEMICAL BANK, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

Virginia Barazotti
VIRGINIA BARAZOTTI
Notary Public, State of New York
No. [REDACTED]
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1983



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STATE OF ALABAMA
WALKER COUNTY

SS.:

I, STANLEY A. WADE, Judge of Probate of Walker County, hereby certify that the foregoing supplemental indenture has been filed for record in this office and simultaneously therewith a privilege tax of \$150,000 was paid, being the privilege tax required by Code of Alabama 1975, Section 40-22-2, on additional indebtedness of \$100,000,000 incurred under the indenture dated as of January 1, 1942, referred to in said supplemental indenture, which was first filed for record in this office.

This Oct. 29, 1981

Stanley A. Wade
Judge of Probate

STATE-ALA-WALKER-CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

1981 OCT 29 AM 8:26

RECORDED-BOOK AND PAGE

SHOWN ABOVE *Stanley A. Wade*

JUDGE OF PROBATE

STATE OF ALA SHELBY CO.

I CERTIFY THIS

INSTRUMENT WAS FILED

Mr. R. L. Walker Co.

1981 NOV -2 AM 9:00

RECORDED-BOOK AND PAGE

SHOWN ABOVE *Stanley A. Wade*

JUDGE OF PROBATE

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