

SECURITIES AND EXCHANGE COMMISSION

FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1994-03-02**
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FILER

MADISON GAS & ELECTRIC CO

CIK: **61339** | IRS No.: **390444025** | State of Incorporation: **WI** | Fiscal Year End: **1231**
Type: **S-3** | Act: **33** | File No.: **033-52491** | Film No.: **94514409**
SIC: **4931** Electric & other services combined

Mailing Address
*POST OFFICE BOX 1231
MADISON WI 53701-1231*

Business Address
*133 S BLAIR ST
PO BOX 1231
MADISON WI 53701
6082527923*

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MADISON GAS AND ELECTRIC COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

WISCONSIN
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

39-0444025
(I.R.S. EMPLOYER IDENTIFICATION NO.)

133 SOUTH BLAIR STREET
POST OFFICE BOX 1231
MADISON, WISCONSIN 53701-1231
(608) 252-7000

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

GARY J. WOLTER
VICE PRESIDENT--ADMINISTRATION AND SECRETARY
133 SOUTH BLAIR STREET
POST OFFICE BOX 1231
MADISON, WISCONSIN 53701-1231
(608) 252-7292

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to
time after the effective date of this Registration Statement as determined by
market conditions.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, check the following
box. []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

CALCULATION OF REGISTRATION FEE

<TABLE>

<CAPTION>

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT*	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE*	AMOUNT OF REGISTRATION FEE
<S>	<C>	<C>	<C>	<C>
Debt Securities.....	\$40,000,000	100%	\$40,000,000	\$12,500

</TABLE>

* Estimated solely for the purpose of calculating the registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

PURSUANT TO THE PROVISIONS OF RULE 429 OF THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, THE PROSPECTUS FILED AS PART OF THIS REGISTRATION STATEMENT WILL BE USED AS A COMBINED PROSPECTUS IN CONNECTION WITH THIS REGISTRATION STATEMENT AND THE REGISTRANT'S REGISTRATION STATEMENT ON FORM S-3, REGISTRATION NO. 33-46192.

+++++ INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
 +REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
 +SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
 +OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
 +BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
 +THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
 +SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
 +UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
 +ANY STATE. +

SUBJECT TO COMPLETION, DATED MARCH 2, 1994

PROSPECTUS

\$45,000,000

MADISON GAS AND ELECTRIC COMPANY

DEBT SECURITIES

DUE FROM 9 MONTHS TO 35 YEARS FROM DATE OF ISSUE

Madison Gas and Electric Company (the "Company") may offer from time to time up to \$45,000,000 aggregate principal amount of its Debt Securities (the "Debt Securities"), consisting of one or more series of its First Mortgage Bonds (the "Bonds") and one or more series of its notes secured by a collateral series of first mortgage bonds (the "Secured Notes"). The Debt Securities may be offered with maturities ranging from 9 months to 35 years from the date of issue and in amounts, at prices and on terms to be determined at the time or times of sale. For each offering of Debt Securities (the "Offered Securities") with respect to which this Prospectus is being delivered, the accompanying Prospectus Supplement (the "Prospectus Supplement") sets forth the specific designation, aggregate principal amount, maturity or maturities, initial public offering price or prices, interest rate or rates (which may be fixed or, in the case of Secured Notes, variable), any sinking fund provisions, any listing on a securities exchange, any terms for redemption at the option of the Company or the holder, and any other special terms in respect of the Offered Securities.

The Debt Securities may be issued in registered form, in bearer form with coupons attached or both. In addition, all or a portion of the Debt Securities of any series may be issued in permanent registered global form, which will be exchangeable only under certain conditions into definitive Debt Securities. See "Description of Debt Securities--Global Securities."

The Company may sell the Debt Securities to or through underwriters or dealers, directly to other purchasers or through agents. See "Plan of Distribution." The names of any underwriters, dealers or agents, any applicable commissions, discounts or allowances and the proceeds to the Company from the sale of the Offered Securities are set forth in the Prospectus Supplement.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS , 1994.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference

facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at its regional offices at Seven World Trade Center, New York, New York 10048 and 500 West Madison Street, 14th Floor, Chicago, Illinois 60661. Copies of such material can be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549 at prescribed rates. The Company has filed with the Commission a Registration Statement on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Debt Securities. This Prospectus does not contain all of the information set forth in such Registration Statement, certain portions of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is made to such Registration Statement.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission pursuant to the Exchange Act (File Number 0-1125) are incorporated in this Prospectus by reference and made a part hereof:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 1992;
2. The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and September 30, 1993; and
3. The Company's Current Report on Form 8-K dated February 11, 1994.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, after the date of this Prospectus and prior to the termination of the offering made by this Prospectus, shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the respective dates of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified and superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, upon written or oral request of such person, a copy of any or all of the documents referred to above which have been incorporated in this Prospectus by reference, other than certain exhibits to such documents. Such requests should be directed to Joseph T. Krzos, Vice President--Finance, Madison Gas and Electric Company, Post Office Box 1231, Madison, Wisconsin 53701-1231 (Telephone: (608) 252-7923).

THE COMPANY

The Company, a Wisconsin corporation organized as such in 1896, is a public utility located in Madison, Wisconsin. It is engaged in generating and transmitting electric energy and distributing it to approximately 117,000 customers throughout 250 square miles in Dane County. The Company also distributes and transports natural gas to approximately 97,000 customers throughout 975 square miles in Dane, Columbia, Iowa, Juneau, Monroe and Vernon counties. The principal executive offices of the Company are located at 133

South Blair Street, Post Office Box 1231, Madison, Wisconsin 53701-1231, and its telephone number is (608) 252-7000.

USE OF PROCEEDS

Except as may be set forth in the Prospectus Supplement, the Company intends to use the net proceeds from the sale of the Debt Securities for its general corporate purposes, including the financing of capital expenditures, the refinancing of indebtedness, the replacement of an accounts receivable facility, and possible business investments and acquisitions. Pending such applications, the net proceeds would be temporarily invested in marketable securities.

SELECTED FINANCIAL DATA
(000'S EXCEPT RATIO AND PER SHARE DATA)

<TABLE>
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	YEAR ENDED DECEMBER 31				
	1989	1990	1991	1992	1993
<S>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:					
Operating Revenues					
Electric.....	\$131,961	\$140,493	\$146,378	\$142,646	\$147,201
Gas.....	85,627	80,075	85,822	85,356	96,932
Total.....	\$217,588	\$220,568	\$232,200	\$228,002	\$244,133
Net Operating Income.....	33,606	34,798	36,374	35,062	34,230
Net Income.....	20,596	22,029	24,880	23,807	24,675
Earnings on Common Stock.....	20,038	21,488	24,356	23,301	24,186
Earnings per share of Common					
Stock(1).....	1.95	2.04	2.28	2.18	2.26
Ratio of Earnings to Fixed					
Charges(2).....	2.84	3.24	3.88	3.60	4.15

<TABLE>
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	AS OF DECEMBER 31			
	1992		1993	
	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
<S>	<C>	<C>	<C>	<C>
CAPITALIZATION:				
Long-Term Debt (First Mortgage Bonds).....	\$122,363 (3)	39.7%	\$120,396 (3)	38.8%
Redeemable Preferred Stock (Net of \$100 current sinking fund requirement).....	5,600	1.8	5,400	1.7

Common Shareholders' Equity.....	180,367	58.5	184,995	59.5
	-----	-----	-----	-----
Total Capitalization.....	\$308,330	100.0%	\$310,791	100.0%
	=====	=====	=====	=====

</TABLE>

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- (1) Adjusted to reflect a three-for-two common stock split in the form of a dividend distributed January 21, 1992.
- (2) For the purpose of computing the ratio of earnings to fixed charges, earnings have been calculated by adding to income before interest expense, current and deferred federal and state income taxes, investment tax credits deferred and restored charged (credited) to operations and the estimated interest component of rentals. Fixed charges represent interest expense, amortization of debt discount, premium and expense, and the estimated interest component of rentals.
- (3) Excluding \$25,925 and \$18,982, respectively, of construction funds held by a trustee pending disbursement.

DESCRIPTION OF DEBT SECURITIES

GENERAL

The Debt Securities may consist of one or more series of Bonds and one or more series of Secured Notes. Any such Bonds will be issued pursuant to and secured by the Company's Indenture of Mortgage and Deed of Trust dated as of January 1, 1946 (the "Original Mortgage") to First Wisconsin Trust Company (now known as Firststar Trust Company), as trustee (the "Mortgage Trustee"), as now or hereafter supplemented and amended (the Original Mortgage as so supplemented and amended being hereinafter referred to as the "Mortgage" and all bonds now or hereafter issued under the Mortgage being hereinafter referred to as the "bonds"). Any such Secured Notes will be issued pursuant to the Company's Indenture to be dated as of March 1, 1994 (the "Note Indenture") to M&I First National Bank, as trustee (the "Note Trustee"), and will be secured by one or more First Mortgage Bonds, 2029 Series (the "Collateral Bonds"), to be issued by the Company pursuant to the Mortgage and pledged to the Note Trustee.

Included in this Prospectus are descriptions of the Mortgage, the Note Indenture, the Bonds and the Secured Notes. Such descriptions are brief summaries of the provisions referred to and do not purport to be complete. The respective forms of the Mortgage and the Note Indenture are filed as exhibits to the Registration Statement of which this Prospectus is a part, and reference is made thereto for the definitive provisions of such documents. The descriptions herein are qualified in their entirety by such reference. Certain capitalized terms used herein shall have the meanings respectively set forth in the Mortgage and the Note Indenture.

Subject to the limitations contained herein, the Prospectus Supplement will set forth the following terms relating to the Offered Securities: (1) the specific designation of the Offered Securities and whether the Offered Securities constitute Secured Notes or Bonds; (2) any limit on the aggregate principal amount of the Offered Securities; (3) the date or dates, if any, on which the Offered Securities will mature; (4) the rate or rates per annum (which may be fixed or, in the case of Secured Notes, variable) at which the Offered Securities will bear interest, if any, the date or dates on which any

such interest will be payable and the Record Dates for any interest payable on the Offered Securities which are Registered Securities; (5) any mandatory or optional redemption or sinking fund provisions, including the period or periods within which, the price or prices at which and the terms and conditions upon which the Offered Securities may be redeemed or purchased at the option of the Company or otherwise; (6) whether the Offered Securities will be issuable in registered form or bearer form or both, and, if issuable in bearer form, the restrictions as to the offer, sale and delivery of the Offered Securities in bearer form and as to exchanges between registered and bearer form; (7) whether the Offered Securities will be issuable in the form of one or more temporary or permanent Global Securities and, if so, the identity of the Depository for such Global Securities; (8) each office or agency where the principal of and any premium and interest on the Offered Securities will be payable, and each office or agency where the Offered Securities may be presented for registration of transfer or exchange; (9) any applicable United States Federal income tax consequences, including whether and under what circumstances the Company will pay additional amounts with respect to the Offered Securities to a non-United States Person (as defined in such Prospectus Supplement) on account of any tax, assessment or governmental charge withheld or deducted and, if so, whether the Company will have the option to redeem such Offered Securities rather than pay such additional amounts; and (10) any other terms of the Offered Securities not inconsistent with the Mortgage or the Note Indenture, as the case may be, including covenants and events of default relating solely to the Offered Securities. Offered Securities may be issued bearing no interest or interest at a rate below the prevailing market rate at the time of issuance, to be offered and sold at a discount below their stated principal amount. United States Federal income tax consequences and other special considerations applicable thereto or to other Offered Securities offered and sold at par which are treated as having been issued at a discount for United States Federal income tax purposes will be described in the Prospectus Supplement relating thereto.

DESCRIPTION OF THE MORTGAGE AND THE BONDS

General. Any Bonds offered hereby will be issued in an aggregate principal amount not in excess of \$45,000,000. Such Bonds, which will mature not more than 35 years from date of issue, will be issuable only

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in definitive fully registered form in the denomination of \$1,000 or any multiple thereof. The Bonds will be transferable and exchangeable without charge to the holder except for any tax or other governmental charge. Both principal and interest will be payable at the office of the Mortgage Trustee in Milwaukee, Wisconsin. Subject to certain exceptions, the Mortgage provides for the payment of interest on each interest payment date only to the persons in whose names the Bonds are registered on the record date, i.e., the tenth business day prior to such interest payment date. At the option of the Company the interest on the Bonds will be payable by check mailed to the registered owners.

Maintenance and Replacement Fund. The Supplemental Indenture or Indentures creating or securing any Series of Debt Securities will not provide for a maintenance and replacement fund. However, the supplemental indentures with respect to two outstanding series of bonds provide for a maintenance and replacement fund, so long as any of such series of bonds are outstanding, with a combined maintenance and replacement requirement equivalent to 3 1/4% per

annum of the average amount of the Company's depreciable electric and gas property in service for the period for which the requirement is calculated. Provision is made for certification upon specified bases of unbonded net property additions, reacquired bonds or prior lien bonds, or the deposit with the Mortgage Trustee of cash, equal to the excess of total maintenance and replacement requirements for expired periods over the aggregate of amounts expended for repairs and maintenance of the mortgaged property and for property additions in renewal or replacement of, or in substitution for, property retirements during such periods. There are generally similar maintenance and replacement requirements with respect to another series of bonds, except that the annual requirement is 2 1/2%. The latest stated maturity of outstanding bonds with respect to which there are maintenance and replacement requirements occurs in 2006. (Article IV of the Fifth, Seventh and Tenth Supplemental Indentures.)

Withdrawal of Certain Cash. Cash deposited with the First Mortgage Trustee as a basis for the issue of additional bonds may be withdrawn by the Company in the amount of:

(1) 60% of the lesser of the cost or fair value of unbonded net property additions made after December 31, 1945 (subject to appropriate deductions if such property additions secure prior lien bonds);

(2) the principal amount of unbonded retired prior lien bonds theretofore deducted in connection with the withdrawal or reduction in cash or 166 2/3% of the principal amount of any prior lien bonds theretofore so deducted at 166 2/3% of their principal amount; or

(3) the principal amount of unbonded retired bonds. (Article VIII of the Original Mortgage.)

Dividend Covenant. The Company will covenant that, so long as any Debt Securities are outstanding, it will not declare or pay any dividend on its common stock (other than dividends payable solely in shares of its common stock) or make any other distribution on or purchase any shares of its common stock, unless, after giving effect thereto, the aggregate of all such dividends, distributions and purchases, subsequent to December 31, 1945, shall not exceed the earned surplus (retained income) of the Company available for dividends on its common stock accumulated subsequent to December 31, 1945. The supplemental indentures relating to each of the seven outstanding series of bonds contain a similar dividend covenant, but three of them contain an additional requirement that, so long as any bonds issued thereunder are outstanding, the Company will not declare or pay any such dividend or make any such distribution or so purchase any shares of its common stock unless the remainder of such earned surplus so accumulated, after giving effect to such dividend, distribution or purchase, shall be at least equal to the amount, if any, by which the aggregate of the charges to income of the Company for maintenance of and repairs to, and as provision for depreciation of, the mortgaged property, from the beginning of the calendar year in which the relevant bonds were issued to the end of the calendar year preceding such dividend, distribution or purchase, shall be less than the cumulative maintenance and replacement requirement with respect to outstanding bonds at the end of such later calendar year. The latest stated maturity of outstanding bonds with respect to which such additional dividend covenant is applicable occurs in 2006. As of December 31, 1993, none of these covenants operated to restrict retained income. (Article V of the Fifth, Seventh and Tenth Supplemental Indentures and Article IV of the Fourteenth, Fifteenth, Sixteenth

Modifications of the Mortgage. In general, modifications or alterations of the Mortgage, and of the rights or obligations of the Company and of the bondholders, as well as waivers of compliance with the Mortgage, may with the approval of the Company be made at bondholders' meetings upon the affirmative vote of 66 2/3% of the bonds entitled to vote thereat with respect to matters involved. Provisions relating to such modifications or alterations and waivers of compliance are subject to certain conditions designed to safeguard the position of the bondholders and the Mortgage Trustee with respect to certain matters of basic importance, including payment of principal of and interest on bonds and creation of liens ranking prior to or on a parity with the lien of the Mortgage as to any property. (Article XIV of the Original Mortgage.)

Security and Priority. The Mortgage constitutes a direct first mortgage lien upon substantially all of the fixed property, and upon the permits and licenses, owned by the Company, subject to "permissible encumbrances" (as defined in the Mortgage). The Mortgage contains provisions subjecting to the lien thereof fixed property, and permits and licenses, which the Company may subsequently acquire, subject, however, to "permissible encumbrances" and to liens existing or placed upon such property at the time of acquisition thereof by the Company. The Mortgage obligates the Company not to create prior or parity liens or permit them to exist, except for "permissible encumbrances," liens upon property acquired after the date of the Original Mortgage existing thereon at the date of acquisition thereof, and purchase money mortgages created by the Company at the time of the acquisition of such property. The Mortgage provides that no property subject to a prior lien, other than "permissible encumbrances," may be acquired if immediately thereafter the amount of outstanding indebtedness secured by all such liens would exceed the greater of \$675,000 or 15% of the principal amount of outstanding bonds, unless at the date of acquisition (i) the outstanding indebtedness secured by such liens shall not exceed 60% of the cost of such property to the Company, and (ii) the net earnings of such property available for interest for a twelve-month period preceding the acquisition shall have been at least twice the annual interest charges on all indebtedness secured by such liens. (Granting Clauses, Articles I and V of the Original Mortgage.)

The Collateral Bonds and the Bonds will rank equally and ratably (except as to any sinking or other fund which is or may be established for the exclusive benefit of one or more particular series of bonds) with all bonds, regardless of series, at any time issued and outstanding under the Mortgage.

Outstanding and Additional Series. At December 31, 1993, bonds of seven series were outstanding. Additional bonds may be issued under the Mortgage in principal amounts (unlimited except as provided by law) equal to:

(1) 60% of the cost or fair value, whichever is less, of unbonded net property additions made after December 31, 1945 (subject to deductions if such net property additions secure prior lien bonds);

(2) the principal amount of bonds previously issued under the Mortgage and of prior lien bonds theretofore deducted for purposes of the Mortgage, which have been retired or are then being retired and have not been bonded; and

(3) the amount of cash deposited with the Mortgage Trustee for such purpose;

but in each case subject to specified net earnings requirements, unless the bonds are being issued under certain conditions under (2) above. Additional bonds may not be issued whenever 60% of the lesser of the cost or fair value of restricted property (in essence, bonded additions subject to prior liens, other than "permissible encumbrances," or not used or useful in the electric or gas utility business) would exceed 10% of the aggregate principal amount of outstanding bonds and prior lien bonds. (Articles I, III and V of the Original Mortgage.)

At December 31, 1993, unbonded net property additions amounted to approximately \$79,600,000 and unbonded bond retirements were \$142,500,000. The Collateral Bonds and the Bonds may be issued upon a combination of unbonded property additions, unbonded bond retirements and deposited cash.

Except as set forth above, the Mortgage does not limit the amount of additional bonds which can be issued; and it does not contain any restrictions on the issuance of unsecured indebtedness. The Mortgage

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does not prohibit a merger or sale of substantially all of the Company's assets or a comparable transaction unless the lien of the Mortgage is impaired, and does not address the effects on the bondholders of a highly leveraged transaction, however effected. A leveraged buyout initiated or supported by management would be treated no differently from any other highly leveraged transaction.

Concerning the Mortgage Trustee. The Mortgage Trustee is Firststar Trust Company, Milwaukee, Wisconsin. The Mortgage Trustee, Firststar Bank, Milwaukee and Firststar Bank, Madison are all affiliated. The Company has for a number of years maintained lines of credit with one or more of such affiliates of the Mortgage Trustee.

Default and Notice Thereof. The Mortgage provides that each of the following shall constitute events of default:

(a) Failure to make due and punctual payment of any installment of interest on any bonds or of any sinking fund obligation if such default continues for a period of 60 days, or failure to pay the principal of any bonds when due and payable.

(b) Failure to make due and punctual payment of any installment of interest on any prior lien bonds if such default continues for any applicable grace period, or failure to pay the principal of any prior lien bonds when due and payable.

(c) The Company's failure to perform or observe any other covenant, agreement or condition in the Mortgage or in any indenture supplemental thereto or in the bonds issued thereunder or in any prior lien or prior lien bonds and continuance of such failure for 90 days after written notice to the Company by the Mortgage Trustee or by holders of not less than 25% of the bonds.

(d) Any written admission by the Company of its inability to pay its debts generally, or any petition in voluntary bankruptcy, or any general assignment for the benefit of creditors or consent to the appointment of a receiver by the Company, or any seeking by the Company of a reorganization; or any adjudication that the Company is bankrupt or insolvent or any appointment of a receiver without the Company's consent, or any decree approving a plan of reorganization of the Company, or any assumption of control over the Company by a court, if such adjudication, order, appointment or decree shall not be vacated within 90 days. (Article IX of the Original Mortgage.)

In case of a default the Mortgage Trustee or the holders of not less than 25% of the bonds may declare the principal and accrued and unpaid interest on all bonds, if not already due, to be immediately due and payable. The Mortgage Trustee shall, upon written request of the holders of a majority of the bonds, waive any such default and rescind such declaration if such default is remedied or cured to the reasonable satisfaction of the Mortgage Trustee. (Article IX of the Original Mortgage.)

The Mortgage Trustee shall give the holders of the bonds notice of any default known to it within 90 days after the occurrence thereof (disregarding any periods of grace or notice) unless such default shall have been cured. However, except in case of default in the payment of principal or of interest on the bonds or in the payment of any sinking fund installment, the Mortgage Trustee may withhold such notice if in good faith it determines that the withholding of such notice is in the interest of the holders of the bonds. (Article XII of the Original Mortgage.)

The holders of a majority of the bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy open to the Mortgage Trustee and of exercising any power or trust conferred upon the Mortgage Trustee under the Indenture. (Article IX of the Original Mortgage.)

The Mortgage Trustee is not required to take action to enforce any remedy unless provided with satisfactory indemnity against costs, expenses and liabilities which may be incurred thereby. (Articles IX and XII of the Original Mortgage.)

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Compliance with certain provisions of the Mortgage is required to be evidenced by various written statements or certificates filed with the Mortgage Trustee, and various certificates and other papers are required to be so filed annually and upon the happening of various events. No periodic evidence is required to be furnished as to the absence of default or as to compliance with the terms of the Mortgage; however, the Trust Indenture Act of 1939, as amended, requires that annual certificates as to the absence of such defaults be furnished to the Mortgage Trustee. (Article V of the Original Mortgage.)

DESCRIPTION OF THE NOTE INDENTURE AND THE SECURED NOTES.

General. The Secured Notes will be issuable under the Note Indenture and secured by the Collateral Bonds to be issued by the Company and pledged to the Note Trustee. The Note Indenture does not limit the aggregate principal amount of Secured Notes which may be issued thereunder, except that no Secured Notes

shall be issued if, after giving effect to such issuance, the aggregate principal amount of the Outstanding Secured Notes would exceed the aggregate Stated Principal Amount (as defined below) of the Outstanding Collateral Bonds. Subject to the foregoing limitation, Secured Notes may be issued under the Note Indenture from time to time in one or more series. Each series of Secured Notes shall be denominated and bear interest in United States currency and shall mature on a date not less than 9 months nor more than 35 years after the date of issuance (but in no event shall any Secured Note mature after January 15, 2029, the date of maturity of the Collateral Bonds). (Article Two of the Note Indenture.)

Security; The Collateral Bonds. The payment of the principal of, premium (if any) and interest on the Secured Notes will be secured by a pledge to the Note Trustee of the Collateral Bonds. The Collateral Bonds will be issued under and secured by the Mortgage, equally and ratably with all other bonds now or hereafter issued and Outstanding thereunder. The aggregate principal amount of the Collateral Bonds will be limited to the lesser of (a) the dollar amount set forth therein (the "Stated Principal Amount") or (b) the aggregate principal amount of the Secured Notes from time to time Outstanding. The interest payable on the Collateral Bonds shall be equal to the aggregate interest payable with respect to the Secured Notes, but such interest shall not exceed an amount computed using a fixed interest rate of 25% per annum. Both principal and interest with respect to the Collateral Bonds will be payable to the Note Trustee. Unless otherwise indicated in the applicable Prospectus Supplement, interest will be payable on the Collateral Bonds semi-annually on January 15 and July 15 of each year during which Secured Notes are Outstanding. Principal, premium (if any) and interest payments with respect to the Secured Notes shall be deemed to be payments of the principal, premium (if any) and interest due with respect to the Collateral Bonds. For a description of the Mortgage, the bonds issued thereunder and the rights of the holders of such bonds, see "Description of Debt Securities--Description of the Mortgage and the Bonds" herein. The Note Trustee shall be deemed and treated as the sole holder of the Collateral Bonds for all purposes under the Mortgage. (Article Twelve of the Note Indenture.)

The Collateral Bonds will not be entitled to the benefit of any sinking fund.

The Collateral Bonds are subject to redemption upon the demand of the Note Trustee on the occurrence of an Event of Default under the Note Indenture and the resulting acceleration of the maturity of the Secured Notes. The redemption price shall be equal to 100% of the aggregate principal amount of the Outstanding Secured Notes of all series plus accrued interest thereon to the date fixed for redemption. At any time after any such acceleration of the Secured Notes, but before a judgment or decree for the immediate payment of the Secured Notes has been obtained, and so long as the Collateral Bonds have not been accelerated, the Holders of at least a majority in principal amount of the Outstanding Secured Notes may, under certain circumstances described in the Note Indenture, rescind the acceleration of the Secured Notes and the demand for redemption of the Collateral Bonds. (Article Five of the Note Indenture.)

Global Securities. The Secured Notes may be issued in the form of a global security which is deposited with and registered in the name of the depository (or a nominee of the depository) specified in the accompanying Prospectus Supplement. So long as the depository for a global security, or its nominee, is the

registered owner of the global security, the depository or its nominee, as the case may be, will be considered the sole owner or holder of the Secured Notes represented by such global security for all purposes under the Note Indenture. Except as provided in the Note Indenture, owners of beneficial interests in Secured Notes represented by a global security will not (a) be entitled to have such Secured Notes registered in their names, (b) receive or be entitled to receive physical delivery of certificates representing such Secured Notes in definitive form, (c) be considered the owners or holders thereof under the Note Indenture or (d) have any rights under the Note Indenture with respect to such global security. Unless and until it is exchanged in whole or in part for individual certificates evidencing the Secured Notes represented thereby, a global security may not be transferred except as a whole by the depository for such global security to a nominee of such depository or by a nominee of such depository to such depository or another nominee of such depository or by the depository or any nominee to a successor depository or any nominee of such successor. The Company, in its sole discretion, may at any time determine that any series of Secured Notes issued or issuable in the form of a global security shall no longer be represented by such global security and such global security shall be exchanged for securities in definitive form pursuant to the Note Indenture. (Sections 2.3, 2.4, 2.8 and 7.3 of the Note Indenture.)

Upon issuance of a global security, the depository will credit, on its book-entry registration and transfer system, the respective principal amounts of such global security to the accounts of participants. Ownership of interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depository (with respect to interests of participants in the depository), or by participants in the depository or persons that may hold interests through such participants (with respect to persons other than participants in the depository). Ownership of beneficial interests in a global security will be limited to participants or persons that hold interests through participants.

Exchange and Transfer. Secured Notes may be presented for exchange and registered Secured Notes may be presented for registration of transfer at the offices and subject to the restrictions set forth therein and in the applicable Prospectus Supplement without service charge, but upon payment of any taxes or other governmental charges due in connection therewith, subject to any applicable limitations contained in the Note Indenture. Secured Notes in bearer form and the coupons appertaining thereto, if any, will be transferable by delivery. (Section 2.8 of the Note Indenture.)

Payment. Unless otherwise indicated in the applicable Prospectus Supplement, payment of the principal of and the premium and interest, if any, on all Secured Notes in registered form (other than a Registered Global Security) will be made at the office of the Note Trustee in the City of West Bend, Wisconsin, except that, at the option of the Company, payment of any interest may be made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register or (ii) by wire transfer to an account maintained by the Person entitled to such payment as specified in the Note Register. Unless otherwise indicated in the applicable Prospectus Supplement, payment of any interest due on Secured Notes in registered form will be made to the Persons in whose name such Secured Notes are registered at the close of business on the Record Date for such interest payments. (Sections 3.1 and 3.2 of the Note Indenture.)

Events of Default. The occurrence of any of the following events with respect

to the Secured Notes of any series will constitute an "Event of Default" with respect to the Secured Notes of such series: (a) default for 30 days in the payment of any interest on any of the Secured Notes of such series; (b) default in the payment of any of the principal of or the premium, if any, on any of the Secured Notes of such series, whether at maturity, upon redemption, by declaration or otherwise; (c) default in the deposit of any sinking fund payment in respect of Secured Notes of such series; (d) default for 60 days by the Company in the performance or observance of any other covenant or agreement contained in the Note Indenture relating to the Secured Notes of such series after written notice thereof as provided in the Note Indenture; (e) the occurrence of an event of default under the Mortgage and the Mortgage Trustee, the Company or the Holders of at least 25% in aggregate principal amount of the Outstanding Secured Notes of such series shall have

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given written notice thereof to the Note Trustee; or (f) the occurrence of certain events of bankruptcy, insolvency or reorganization relating to the Company. Additional Events of Default may be prescribed for the benefit of the Holders of a particular series of Secured Notes, and any such additional Events of Default will be described in the Prospectus Supplement relating thereto.

If an Event of Default due to a default in the payment of the principal of or the premium or interest, if any, on any series of Secured Notes shall have occurred and be continuing, either the Note Trustee or the Holders of not less than 25% in aggregate principal amount of the Secured Notes of such series then Outstanding may declare the principal of all Secured Notes of such series and the interest, if any, accrued thereon to be due and payable immediately. If an Event of Default due to a default in the observance or performance of any other covenant or agreement of the Company contained in the Note Indenture and applicable to the Secured Notes of one or more (but less than all) series then Outstanding shall have occurred and be continuing, either the Note Trustee or the Holders of not less than 25% in aggregate principal amount of the Secured Notes of the affected series then Outstanding (voting as one class) may declare the principal of all Secured Notes of each such affected series and the interest, if any, accrued thereon to be due and payable immediately. If any Event of Default due to a default in the observance or performance of any other covenant or agreement of the Company contained in the Note Indenture applicable to all Secured Notes then Outstanding or due to certain events of bankruptcy, insolvency or reorganization relating to the Company shall have occurred and be continuing, either the Note Trustee or the Holders of not less than 25% in aggregate principal amount of all Secured Notes then Outstanding (voting as one class) may declare the principal of all Secured Notes and the interest, if any, accrued thereon to be due and payable immediately.

Upon any such acceleration of the Secured Notes, the Note Trustee is empowered to cause the mandatory redemption of the Collateral Bonds at 100% of the principal amount thereof plus accrued interest to the redemption date. At any time after an acceleration of the Secured Notes has been declared, but before a judgment or decree for the immediate payment of the principal amount of the Secured Notes has been obtained and so long as the Collateral Bonds have not been accelerated, the holders of a majority in principal amount of the Outstanding Secured Notes may, under certain circumstances, rescind and annul such acceleration and its consequences.

Upon certain conditions, any such declaration of the Secured Notes may be

rescinded and annulled if all Events of Default, other than the nonpayment of accelerated principal, with respect to the Secured Notes of all such affected series then Outstanding shall have been cured or waived as provided in the Note Indenture by the Holders of a majority in aggregate principal amount of the Secured Notes of the affected series then Outstanding (voting as one class, except in the case of Events of Default described in clauses (a), (b) and (c) above, as to which each series so affected will vote as a separate class). See "Modification of the Note Indenture" below. Reference is made to the Prospectus Supplement relating to any series of Original Issue Discount securities for the particular provisions relating to the acceleration of a portion of the principal amount thereof upon the occurrence and continuance of an Event of Default with respect thereto.

The Note Indenture provides that, subject to the duty of the Trustee to act with the requisite standard of care in case default with respect to a series of Secured Notes shall have occurred and be continuing, the Note Trustee will be under no obligation to exercise any of its rights or powers under the Note Indenture at the request, order or direction of the Holders of the Secured Notes, unless such Holders shall have offered to the Note Trustee reasonable indemnity. Subject to such provisions for indemnity and certain other limitations contained in the Note Indenture, the Holders of a majority in aggregate principal amount of the Secured Notes of each affected series then Outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Note Trustee, or exercising any trust or power conferred on the Note Trustee, with respect to the Secured Notes of such affected series.

The Note Indenture provides that no Holder of Secured Notes may institute any action against the Company under the Note Indenture (except actions for payment of overdue principal, premium or interest)

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unless such Holder previously shall have given to the Note Trustee notice of default and continuance thereof and unless the Holders of not less than 25% in aggregate principal amount of the Secured Notes of the affected series then Outstanding (voting as one class) shall have requested the Note Trustee to institute such action and shall have offered the Note Trustee reasonable indemnity, the Note Trustee shall not have instituted such action within 60 days of such request and the Note Trustee shall not have received direction inconsistent with such request by the Holders of a majority in aggregate principal amount of the Secured Notes of the affected series then Outstanding (voting as one class). (Article Five of the Note Indenture.)

The Note Indenture requires the Company to furnish to the Note Trustee annually a statement as to the Company's compliance with all conditions and covenants under the Note Indenture. The Note Indenture provides that the Note Trustee may withhold notice to the Holders of the Secured Notes of any series of any default affecting such series (except defaults as to payment of principal, premium or interest on the Secured Notes of such series) if it considers such withholding to be in the interests of the Holders of the Secured Notes of such series. (Sections 4.3 and 5.11 of the Note Indenture.)

Consolidation, Merger or Sale of Assets. The Note Indenture provides that the Company may consolidate with or merge into, or sell, lease or convey its property as an entirety or substantially as an entirety to, any other

corporation if (a) such corporation assumes the obligations of the Company under the Secured Notes and the Note Indenture and is organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, (b) immediately after such consolidation, merger, sale, lease or conveyance, such other corporation shall have assumed and become liable for all of the obligations of the Company under and with respect to the Mortgage and the Collateral Bonds and the Note Indenture and (c) no such consolidation, merger or sale shall have impaired the lien of the Mortgage or any of the rights and powers of the holder of the Collateral Bonds. The term "impaired" is not defined in the Mortgage, but the Company believes that an impairment would occur thereunder if any such transaction had the effect or releasing any property from the first mortgage lien created by the Mortgage or subjecting any property subject to such lien to any prior lien except as expressly permitted by the Mortgage. (Article Nine of the Note Indenture.)

Modification of the Note Indenture. The Note Indenture permits the Company and the Note Trustee to enter into supplemental indentures thereto without the consent of the Holders of the Secured Notes to: (a) additionally secure the Secured Notes of one or more series, (b) evidence the assumption by a successor corporation of the obligations of the Company under the Note Indenture and the Secured Notes then Outstanding, (c) add covenants for the protection of the Holders of the Secured Notes, (d) cure any ambiguity or correct any inconsistency in the Note Indenture, (e) establish the form and terms of the Secured Notes of any series and (f) evidence the acceptance of appointment by a successor Note Trustee.

The Note Indenture also permits the Company and the Note Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Secured Notes of each series then Outstanding and affected, to add any provisions to, or change in any manner or eliminate any of the provisions of, the Note Indenture or modify in any manner the rights of the Holders of the Secured Notes of each such affected series; provided, however, that the Company and the Note Trustee may not, without the consent of the Holder of each Secured Note then Outstanding and affected thereby: (a) extend the time of payment of the principal (or any installment) of any Secured Note, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any amount payable on the redemption thereof, or impair the security interest of the Note Trustee in the Collateral Bonds, or reduce the amount payable on any Original Issue Discount Notes upon acceleration or provable in bankruptcy, or impair the right to institute suit for the enforcement of any payment on any Secured Note when due; or (b) reduce the percentage in principal amount of the Secured Notes of the affected series, the consent of whose Holders is required for any such modification or for any waiver provided for in the Note Indenture. (Article Eight of the Note Indenture.)

Prior to the acceleration of the maturity of any Secured Notes, the Holders of a majority in aggregate principal amount of the Secured Notes of all series at the time Outstanding with respect to which a default or

an Event of Default shall have occurred and be continuing (voting as one class) may on behalf of the Holders of all such affected Secured Notes waive any past default or Event of Default and its consequences, except a default or an Event of Default in respect of a covenant or provision of the Note Indenture or of

any Secured Note which cannot be modified or amended without the consent of the Holder of each Secured Note affected. (Section 5.10 of the Note Indenture.)

Defeasance and Discharge. The Note Indenture provides that, at the option of the Company: (a) the Company will be discharged from any and all obligations in respect of the Secured Notes of a particular series then Outstanding (except for certain obligations to register the transfer of or exchange the Secured Notes of such series, to replace stolen, lost or mutilated Secured Notes of such series, to maintain paying agencies and to maintain the trust described below), or (b) the Company need not comply with and shall have no liability in respect of certain restrictive covenants of the Note Indenture (including those described under "Consolidation, Merger or Sale of Assets"), and the failure to comply with such covenants shall not be an Event of Default, in each case if the Company irrevocably deposits in trust with the Note Trustee money, and/or securities backed by the full faith and credit of the United States which, through the payment of the principal thereof and the interest thereon in accordance with their terms, will provide money in an amount sufficient to pay all the principal of (and premium, if any) and interest on the Secured Notes of such series on the stated maturity of such Secured Notes and any mandatory sinking fund or analogous payment on the dates on which such payments are due and payable in accordance with the terms thereof. To exercise such option, the Company is required, among other things, to deliver to the Note Trustee an opinion of independent counsel to the effect that the exercise of such option would not cause the Holders of the Secured Notes of such series to recognize income, gain or loss for United States Federal income tax purposes as a result of such defeasance, and such Holders will be subject to United States Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred, and, in the case of a discharge in clause (a) of the preceding sentence, such opinion is to be accompanied by a private letter ruling to the same effect received from the Internal Revenue Service, a revenue ruling to such effect pertaining to a comparable form of transaction published by the Internal Revenue Service or appropriate evidence that since the date of the Note Indenture there has been a change in the applicable Federal income tax law. Notwithstanding the foregoing, such option may not be exercised by the Company if (i) any Event of Default, or event which with notice or lapse of time or both, would become an Event of Default, has occurred and is continuing under the Note Indenture, (ii) any such deposit of money and/or securities would result in a breach or violation of, or constitute a default under, the Note Indenture or any other agreement to which the Company is a party or by which it is bound, or (iii) any such deposit would cause any Secured Note of the affected series then listed on any national securities exchange to be delisted.

In the event the Company exercises its option to effect a covenant defeasance with respect to the Secured Notes of any series as described in the preceding paragraph and the Secured Notes of such series are thereafter declared due and payable because of the occurrence of any Event of Default other than an Event of Default caused by failing to comply with the covenants which are defeased, and the amount of money and securities on deposit with the Trustee would be insufficient to pay amounts due on the Secured Notes of such series at the time of their accelerated maturity, the Company would remain liable for such accelerated amounts.

The Company may also obtain a discharge of the Note Indenture with respect to all Secured Notes then Outstanding (except for the rights of Noteholders in the property deposited and to receive payments of principal and interest when due, the rights of the Note Trustee and certain obligations to register the transfer

of or exchange such Secured Notes, to replace stolen, lost or mutilated Secured Notes, to maintain paying agencies and to maintain the trust described below) by irrevocably depositing in trust with the Note Trustee money, and/or securities backed by the full faith and credit of the United States which, through the payment of the principal thereof or the interest thereon in accordance with their terms, will provide money in an amount sufficient to pay all the principal of (and premium, if any) and interest on the Secured Notes on the stated maturities thereof and any mandatory sinking fund or analogous payments on the dates on which such

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payments are due and payable, provided that such Secured Notes are by their terms due and payable, or are to be called for redemption, within one year. (Article Ten of the Note Indenture.)

CONCERNING THE NOTE TRUSTEE.

M&I First National Bank, the trustee under the Note Indenture, is one of a number of banks with which the Company maintains ordinary banking relationships, including, in certain cases, credit facilities.

PLAN OF DISTRIBUTION

The Company may sell the Debt Securities being offered hereby in four ways: (i) directly to purchasers, (ii) through agents, (iii) through underwriters and (iv) through dealers.

Offers to purchase Debt Securities may be solicited by agents designated by the Company from time to time. Any such agent, who may be deemed to be an underwriter as that term is defined in the Securities Act, involved in the offer or sale of the Debt Securities in respect of which this Prospectus is delivered, will be named, and any commissions payable by the Company to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

If underwriters are utilized in the sale, the Company will execute an underwriting agreement with such underwriters at the time of sale to them and the names of the underwriters and the terms of the transaction will be set forth in the Prospectus Supplement, which will be used by the underwriters to make resales of the Debt Securities in respect of which this Prospectus is delivered to the public. Any underwriters will acquire Debt Securities for their own account and may resell such Debt Securities from time to time in one or more transactions, including negotiated transactions, at fixed public offering prices or at varying prices determined at the time of sale. Debt Securities may be offered to the public either through underwriting syndicates represented by managing underwriters, or directly by the managing underwriters. Only underwriters named in the Prospectus Supplement are deemed to be underwriters in connection with the Debt Securities offered thereby. If any underwriters are utilized in the sale of the Debt Securities, the underwriting agreement will provide that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters with respect to a sale of Debt Securities will be obligated to purchase all such Debt Securities, if any are purchased.

If a dealer is utilized in the sale of the Debt Securities in respect of which this Prospectus is delivered, the Company will sell such Debt Securities to the dealer, as principal. The dealer may then resell such Debt Securities to the public at varying prices to be determined by such dealer at the time of resale.

Agents, underwriters and dealers may be entitled under agreements entered into with the Company to indemnification by the Company against certain civil liabilities (including liabilities under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise) or to contribution with respect to payments which the agents, underwriters or dealers may be required to make in respect thereof. Agents, underwriters and dealers may be customers of, engage in transactions with, or perform services for the Company in the ordinary course of business.

Offers to purchase Debt Securities may be solicited directly by the Company and sales thereof may be made by the Company directly to institutional investors or others. The terms of any such sales will be described in the Prospectus Supplement relating thereto.

If so indicated in the Prospectus Supplement, the Company will authorize agents and underwriters to solicit offers by certain institutions to purchase Debt Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to Delayed Delivery Contracts ("Contracts") providing for

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payment and delivery on the date stated in the Prospectus Supplement. Each Contract will be for an amount not less than, and unless the Company otherwise agrees the aggregate principal amount of Debt Securities sold pursuant to Contracts shall be not less nor more than, the respective amounts stated in the Prospectus Supplement. Institutions with whom Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and other institutions, but shall in all cases be subject to the approval of the Company. Contracts will not be subject to any conditions except that the purchase by an institution of the Debt Securities covered by its Contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject. A commission indicated in the Prospectus Supplement will be paid to underwriters and agents soliciting purchases of Debt Securities pursuant to Contracts accepted by the Company.

The place and time of delivery for the Debt Securities in respect of which this Prospectus is delivered are set forth in the Prospectus Supplement.

LEGAL OPINIONS

Legal matters with respect to the Debt Securities will be passed upon for the Company by Michael, Best & Friedrich, Milwaukee, Wisconsin.

EXPERTS

The financial statements and financial statement schedules included (or incorporated by reference) in the Company's Annual Report on Form 10-K for the year ended December 31, 1992, incorporated by reference herein, have been

audited by Arthur Andersen & Co., independent public accountants, as indicated in their report with respect thereto, and are so incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said report. The financial statements included in the Company's Current Report on Form 8-K dated February 11, 1994 for the year ended December 31, 1993, incorporated by reference herein, have been audited by Coopers & Lybrand, independent accountants, as indicated in their report with respect thereto, and are so incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing matters. Any financial statements and schedules hereafter incorporated by reference in the Registration Statement of which this Prospectus is a part that have been audited and are the subject of a report by independent accountants will be so incorporated by reference in reliance upon such reports and upon the authority of such firms as experts in accounting and auditing to the extent covered by consents filed with the Commission.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

<TABLE>

<S>	<C>
Registration Fee--Securities and Exchange Commission.....	\$ 12,500
Public Service Commission of Wisconsin Fee.....	1,500
Legal Fees and Expenses.....	65,000
Blue Sky Fees and Expenses.....	7,500
Accounting Fees and Expenses.....	22,000
Printing Expenses.....	15,000
Trustee Fees and Expenses.....	20,000
Miscellaneous.....	20,000

Total.....	\$163,500
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</TABLE>

All of the above items except the Registration Fee are estimated.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Pursuant to the provisions of the Wisconsin Business Corporation Law and Article IX of the Registrant's By-Laws, director and officers of the Registrant are entitled to mandatory indemnification from the Registrant against certain liabilities (which may include liabilities under the Securities Act of 1933) and expenses (i) to the extent such officers or directors are successful in the defense of a proceeding; and (ii) in proceedings in which the director or officer is not successful in defense thereof, unless it is determined that the director or officer breached or failed to perform his or her duties to the Registrant and such breach or failure constituted: (a) a willful failure to deal fairly with the Registrant or its shareholders in connection with a matter in which the director or officer had a material conflict of interest; (b) a violation of criminal law unless the director or officer had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe

his or her conduct was unlawful; (c) a transaction from which the director or officer derived an improper personal profit; or (d) willful misconduct. Additionally, under the Wisconsin Business Corporation Law, directors of the Registrant are not subject to personal liability to the Registrant, its shareholders or any person asserting rights on behalf thereof, for certain breaches or failures to perform any duty resulting solely from their status as directors, except in circumstances paralleling those outlined above.

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EXHIBIT INDEX

ITEM 16. EXHIBITS

<TABLE>

<CAPTION>

EXHIBIT
NUMBER

NATURE OF EXHIBIT

<C> <S>

- 1.1 Form of Agency Agreement.
- 1.2 Form of Underwriting Agreement.
- *4.1 Indenture of Mortgage and Deed of Trust between the Company and First Wisconsin Trust Company (now known as Firststar Trust Company), as Trustee, dated as of January 1, 1946 (Exhibit 7-D to file No. 2-6059), and the following indentures supplemental thereto, respectively, the Fifth Supplemental Indenture dated as of June 1, 1966 (Exhibit 4-B-6 to file No. 2-25244), the Seventh Supplemental Indenture dated as of January 15, 1971 (Exhibit 2.08 to file No. 2-38980), the Tenth Supplemental Indenture dated as of November 1, 1976 (Exhibit 2.03 to file No. 2-60227), the Fourteenth Supplemental Indenture dated as of April 1, 1992 (Exhibit 4C to file No. 0-1125), the Fifteenth Supplemental Indenture dated as of April 1, 1992 (Exhibit 4D to file No. 0-1125), the Sixteenth Supplemental Indenture dated as of October 1, 1992 (Exhibit 4E to file No. 0-1125), and the Seventeenth Supplemental Indenture dated as of February 1, 1993 (Exhibit 4F to file No. 0-1125).
- 4.2 Form of Note Indenture.
- 4.3 Form of Eighteenth Supplemental Indenture creating the Collateral Bonds.
- 4.4 Form of Supplemental Indenture to create one or more series of Bonds to be issued.
- 4.5 Form of Fixed Rate Note.
- 4.6 Form of Floating Rate Note.
- 4.7 Form of Calculation Agency Agreement.
- 5 Opinion of Michael, Best & Friedrich.
- 12 Computation of Ratio of Earnings to Fixed Charges.
- 23.1 Consent of Arthur Andersen & Co.
- 23.2 Consent of Coopers & Lybrand.
- 23.3 Consent of Michael, Best & Friedrich (included in Exhibit Number 5).
- 24 Powers of Attorney (included in signature page).
- 25.1 Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of Firststar Trust Company.
- 25.2 Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of M&I First National Bank.

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* The exhibits listed above and marked with an asterisk were filed as exhibits to Registration Statements or Reports previously filed with the Commission under the exhibit number and Registration or File number as shown after each such exhibit, and they are hereby incorporated herein by reference.

ITEM 17. UNDERTAKINGS

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually

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or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement; or

(iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purpose of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 15, or

otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF MADISON, STATE OF WISCONSIN, ON FEBRUARY 28, 1994.

Madison Gas and Electric Company

/s/ David C. Mebane

By: _____

DAVID C. MEBANE
PRESIDENT, CHIEF EXECUTIVE OFFICER
AND CHIEF OPERATING OFFICER

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED ON FEBRUARY 28, 1994.

Each person whose signature below constitutes and appoints David C. Mebane and Joseph T. Krzos, and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement (including post-effective amendments), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying all that such attorneys-in-fact and agents, or any of them or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

SIGNATURE

TITLE

/s/ Frank C. Vondrasek

Chairman and Director

FRANK C. VONDRASEK

/s/ David C. Mebane ----- DAVID C. MEBANE	President, Chief Executive Officer, Chief Operating Officer and Director (Principal Executive Officer)
/s/ Joseph T. Krzos ----- JOSEPH T. KRZOS	Vice President--Finance (Principal Financial Officer and Principal Accounting Officer)
/s/ Jean Manchester Biddick ----- JEAN MANCHESTER BIDDICK	Director
/s/ Richard E. Blaney ----- RICHARD E. BLANEY	Director
/s/ Robert M. Bolz ----- ROBERT M. BOLZ	Director

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SIGNATURE	TITLE
/s/ Donald J. Helfrecht ----- DONALD J. HELFRECHT	Director
/s/ Frederic E. Mohs ----- FREDERIC E. MOHS	Director
/s/ Robert B. Rennebohm ----- ROBERT B. RENNEBOHM	Director
/s/ Phillip C. Stark ----- PHILLIP C. STARK	Director
----- H. LEE SWANSON	Director

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EXHIBIT INDEX

ITEM 16. EXHIBITS

<TABLE>
<CAPTION>
EXHIBIT
NUMBER

NATURE OF EXHIBIT

PAGE

<C>	<S>	<C>
1.1	Form of Agency Agreement.	
1.2	Form of Underwriting Agreement.	
*4.1	Indenture of Mortgage and Deed of Trust between the Company and First Wisconsin Trust Company (now known as Firststar Trust Company), as Trustee, dated as of January 1, 1946 (Exhibit 7-D to file No. 2-6059), and the following indentures supplemental thereto, respectively, the Fifth Supplemental Indenture dated as of June 1, 1966 (Exhibit 4-B-6 to file No. 2-25244), the Seventh Supplemental Indenture dated as of January 15, 1971 (Exhibit 2.08 to file No. 2-38980), the Tenth Supplemental Indenture dated as of November 1, 1976 (Exhibit 2.03 to file No. 2-60227), the Fourteenth Supplemental Indenture dated as of April 1, 1992 (Exhibit 4C to file No. 0-1125), the Fifteenth Supplemental Indenture dated as of April 1, 1992 (Exhibit 4D to file No. 0-1125), the Sixteenth Supplemental Indenture dated as of October 1, 1992 (Exhibit 4E to file No. 0-1125), and the Seventeenth Supplemental Indenture dated as of February 1, 1993 (Exhibit 4F to file No. 0-1125).	
4.2	Form of Note Indenture.	
4.3	Form of Eighteenth Supplemental Indenture creating the Collateral Bonds.	
4.4	Form of Supplemental Indenture to create one or more series of Bonds to be issued.	
4.5	Form of Fixed Rate Note.	
4.6	Form of Floating Rate Note.	
4.7	Form of Calculation Agency Agreement.	
5	Opinion of Michael, Best & Friedrich.	
12	Computation of Ratio of Earnings to Fixed Charges.	
23.1	Consent of Arthur Andersen & Co.	
23.2	Consent of Coopers & Lybrand.	
23.3	Consent of Michael, Best & Friedrich (included in Exhibit Number 5).	
24	Powers of Attorney (included in signature page).	
25.1	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of Firststar Trust Company.	
25.2	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of M&I First National Bank.	

</TABLE>

* The exhibits listed above and marked with an asterisk were filed as exhibits to Registration Statements or Reports previously filed with the Commission under the exhibit number and Registration or File number as shown after each such exhibit, and they are hereby incorporated herein by reference.

\$45,000,000

MADISON GAS AND ELECTRIC COMPANY

Secured Medium-Term Notes, Series A

Due from 9 Months to 35 Years from Date of Issue

AGENCY AGREEMENT

_____, 1994

[Agent(s)]
[Address(es)]

Dear Sirs:

Madison Gas and Electric Company, a Wisconsin corporation (the "Company"), confirms its agreement with each of you (individually, an "Agent" and collectively, the "Agents") with respect to the issue and sale by the Company of up to an aggregate of \$45,000,000 in gross proceeds of its Secured Medium-Term Notes, Series A (the "Notes"). The Notes are to be issued from time to time pursuant to an indenture, dated as of March 1, 1994 (as it may be supplemented or amended from time to time, the "Indenture"), between the Company and M&I First National Bank, as trustee (the "Trustee"), and will be secured by the Company's first mortgage bond, 2029 Series (the "Collateral Bond") in the maximum principal amount of \$45,000,000. The Collateral Bond will be issued under and secured as provided by the Company's Indenture of Mortgage and Deed of Trust dated as of January 1, 1946, under which Firststar Trust Company (formerly known as First Wisconsin Trust Company) is the trustee (the "First Mortgage Trustee"), as amended or supplemented by seventeen supplemental indentures thereto and as to be further amended and supplemented by an Eighteenth Supplemental Indenture dated as of March 1, 1994 (the "First Mortgage Supplemental Indenture") in the form heretofore delivered to the Agents (such Indenture as so amended and supplemented is herein referred to as the "First Mortgage Indenture" and the First Mortgage Indenture and the Collateral Bond are herein referred to collectively as the "Mortgage Documents").

The Notes shall have the maturity ranges, annual interest rates, redemption provisions and other terms set forth in the Prospectus referred to in Section 1(a) as such Prospectus may be amended or supplemented from time to time, including any supplement providing for the interest rate, maturity of and other

terms applicable to any Note (a "Pricing Supplement"). The Notes will be issued, and the terms thereof established, from time to time, by the Company in accordance with the Indenture and the Procedures referred to below. This Agreement shall only apply to sales of the Notes and not to sales of any other securities or evidences of indebtedness of the Company.

SECTION 1. Representations and Warranties.

The Company represents and warrants to each Agent as of the date hereof, as of the Closing Date (defined herein) and as of the times referred to in Sections 6(a) and 6(b) hereof (the Closing Date and each such time being hereinafter sometimes referred to as a "Representation Date"), as follows:

(a) General. A registration statement on Form S-3 (File No. 33-

_____) with respect to the registration of \$40,000,000 aggregate principal amount of the Notes and the First Mortgage Bonds of the Company, including a combined prospectus ("registration statement No. 33-____"), has been prepared and filed by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder, and was declared effective under the Act on _____, 1994. In addition, a registration statement on Form S-3 (No. 33-46192) for the registration of \$65,000,000 aggregate principal amount of the Company's First Mortgage Bonds ("registration statement No. 33-46192"), of which an aggregate of \$60,000,000 principal amount has been previously issued under the Act, has been prepared and filed by the Company in conformity with the requirements of the Act and the Rules and Regulations of the Commission, and was declared effective under the Act on March 27, 1992. The Indenture and the First Mortgage Indenture have each been qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). As used in this Agreement, the term (i) "Registration Statement" means such registration statement No. 33-____, as it may be amended or supplemented at a particular time, together with such registration statement No. 33-46192, as it may be amended or supplemented at a particular time, including, in the case of either such registration statement, all exhibits thereto and all documents which are, or are deemed to be, incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act; (ii) "Basic Prospectus" means at a particular time the combined prospectus included in the Registration Statement; and (iii) "Prospectus" means the Basic Prospectus and any amendments or supplements (including the applicable prospectus supplement and Pricing Supplement) relating to the Notes, as filed with the Commission pursuant to paragraph (b) of Rule 424 of the Rules and Regulations. The Commission has not issued any order preventing or suspending the use of the Prospectus.

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(b) Registration Statement, Prospectus and Indenture; Contents. The

Registration Statement and each Prospectus contain, and the Registration Statement and each Prospectus will contain as of the applicable Representation Date and at all times during each period during which, in the opinion of counsel for the Agents, a prospectus relating to the Notes is required to be delivered under the Act (each a "Marketing Period"), all statements which are required by the Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Trust Indenture Act, and the rules and regulations of the Commission under such Acts; the Indenture and the First Mortgage Indenture, including any amendments and supplements to either thereof, each conform with the requirements of the Trust Indenture Act and the rules and regulations of the Commission thereunder; and the Registration Statement and each Prospectus do not, and will not as of the applicable Representation Date and at all times during each Marketing Period, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company makes no

representation or warranty as to information contained in or omitted from the Registration Statement or any Prospectus in reliance upon and in conformity with written information furnished to the Company by the Agents specifically for inclusion therein or as to any statements in or omissions from the respective statements of eligibility and qualification on Form T-1 (each a "Form T-1") of the Trustee and the First Mortgage Trustee under the Trust Indenture Act.

(c) Due Incorporation and Qualification. The Company and each of its

subsidiaries (as defined in Rule 405 of the Rules and Regulations, and hereinafter called the "Subsidiaries") has been duly incorporated and is validly existing under the laws of its respective jurisdiction of incorporation, is duly qualified to do business as a foreign corporation in each jurisdiction in which its respective ownership of properties or the conduct of its respective businesses requires such qualification, and has the power and authority necessary to own or hold its respective properties and to conduct the businesses in which it is engaged, as described in the Prospectus. The Company has full power and authority to execute and deliver and to perform its obligations under this Agreement, the Notes, the Indenture and each of the Mortgage Documents.

(d) No Defaults; Due Authorization. Neither the Company nor any of

its Subsidiaries is in violation of its corporate charter or by-laws or in default under any agreement, indenture or instrument, the effect of which violation or default would be material to the Company or the Company and its Subsidiaries taken as a whole; the execution, delivery and performance of this Agreement, the Indenture, each applicable Purchase Agreement (as defined in Section 11), if any, and the Mortgage Documents and compliance by the Company with the provisions thereof have been duly authorized by all necessary

corporate action and will not conflict with, result in the creation or imposition of any lien, charge or encumbrance upon any of the assets of the Company or any of its Subsidiaries (other than the lien created by the First

Mortgage Indenture) pursuant to the terms of, or constitute a default under, any agreement, indenture or instrument, or result in a violation of the corporate charter or by-laws, of the Company or any of its Subsidiaries or any order, rule or regulation of any court or governmental agency having jurisdiction over the Company, any of its Subsidiaries or their respective properties. The Wisconsin Public Service Commission (the "Wisconsin PSC") has entered its order dated _____, 1994 (the "Order") duly approving the issuance and delivery of the Notes, the execution and delivery of and performance by the Company of its obligations under the Indenture, the execution, delivery and performance of the First Mortgage Supplemental Indenture and the issuance of the Collateral Bond and the pledge thereof to secure the Notes as provided in the Indenture; the Order is in full force and effect and have not been modified or repealed in any respect; and, except as required by the Act, the Trust Indenture Act, the Exchange Act and applicable state securities laws, no other consent, authorization or order of, or filing or registration with, any court or governmental agency is required for the execution, delivery and performance of the transactions contemplated by this Agreement, each applicable Purchase Agreement, if any, the Indenture or the Mortgage Documents.

(e) Material Changes or Material Transactions. Except as described

in the Registration Statement and each Prospectus, (i) there has not been any material adverse change in, or any adverse development which materially affects, the business, properties, condition (financial or other), results of operations or prospects of the Company or the Company and its Subsidiaries taken as a whole, and (ii) there has been no material transaction entered into by the Company or any of its Subsidiaries other than those in the ordinary course of business.

(f) Accountants. Coopers & Lybrand, whose report appears in the

Company's most recent Annual Report on Form 10-K, which is incorporated by reference in each Prospectus, are independent public accountants with respect to the Company and its Subsidiaries as required by the Act and the Rules and Regulations.

(g) Validity of the Indenture, the Notes and the Mortgage Documents.

(i) Each of the Indenture, the First Mortgage Indenture, the First Mortgage Supplemental Indenture and the Collateral Bond has been duly authorized, executed and delivered by the Company and constitutes the valid and legally binding obligation of the Company, enforceable in accordance with its terms (except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles); (ii) the Notes have been validly

authorized for issuance and sale pursuant to this Agreement and, when the terms of the Notes and of their issue and sale have been duly established in

accordance with the Indenture and this Agreement so as not to violate any applicable law or agreement or instrument then binding on the Company, and the Notes have been duly executed, authenticated, delivered and paid for as provided in this Agreement and the Indenture, the Notes will be validly issued and outstanding, and will constitute valid and legally binding obligations of the Company entitled to the benefits of the Indenture and the security of the Collateral Bond; and (iii) the Notes, the Indenture and the Mortgage Documents conform to the descriptions thereof contained in each Prospectus.

(h) Execution and Delivery of this Agreement and Any Purchase

Agreement. This Agreement and the Purchase Agreement (if any), with respect to

the Notes, have been duly authorized, and have been, or will be, as the case may be, duly executed and delivered by the Company.

(i) Lien of First Mortgage Indenture. The First Mortgage Indenture

constitutes a valid perfected and directly enforceable first mortgage lien on all of the properties, rights and assets of the Company except certain properties which are not used or useful in the public utility business of the Company or are otherwise excluded from the lien of the First Mortgage Indenture by the terms thereof.

(j) Legal Proceedings. There is no litigation or proceeding pending,

or to the knowledge of the Company threatened, which challenges the validity or enforceability of the Order, the Notes, the Indenture, the First Mortgage Indenture, the First Mortgage Supplemental Indenture or the Collateral Bond or which seeks to enjoin the performance by the Company of its obligations thereunder or hereunder and, except as described in the Prospectus, there is no litigation or proceeding pending, or to the knowledge of the Company threatened, which might result in any material adverse change in the condition (financial or other), results of operations, business, property or prospects of the Company (or of the Company and its Subsidiaries taken as a whole) or which is required to be disclosed in the Registration Statement.

(k) Financial Statements. The audited financial statements included

or incorporated by reference in each Prospectus present and will present as of the applicable Representation Date and at all times during each Marketing Period, fairly, the consolidated financial condition and results of operations, changes in common stock, stockholders' equity and cash flows of the entities purported to be shown thereby, at the dates and for the periods indicated, and have been, and will be as of the applicable Representation Date and at all times during each Marketing Period, prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the period or periods involved except as noted

therein; and the supporting schedules included or incorporated by reference in each Prospectus present, and will present as of the applicable Representation Date and at all times during each Marketing Period, fairly the information required to be stated therein. The unaudited financial statements of the Company, if any, and the related notes, included or incorporated by reference in each Prospectus are, and will be, as of the applicable Representation Date and at all times during each Marketing Period, true, complete and correct, subject to normally recurring changes resulting from year-end adjustments, and prepared in accordance with the instructions to Form 10-Q or Form 8-K (as the case may be).

(l) Documents Incorporated by Reference. The documents incorporated

by reference into any Prospectus have been, and will be as of the applicable Representation Date and at all times during each Marketing Period, prepared by the Company in conformity with the applicable requirements of the Act and the Rules and Regulations and the Exchange Act and the rules and regulations of the Commission thereunder; and such documents have been, or will be, as of the applicable Representation Date and at all times during each Marketing Period, timely filed as required thereby. Such documents, when read together with the other information in the Prospectus, do not, and will not on any Representation Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) Exhibits to Registration Statement. There are no contracts or

other documents which are required to be filed as exhibits to the Registration Statement by the Act or by the Rules and Regulations, or which were required to be filed as exhibits to any documents incorporated by reference in any Prospectus by the Exchange Act or the rules and regulations of the Commission thereunder, which have not been filed as exhibits to the Registration Statement or to such document or incorporated therein by reference as permitted by the Rules and Regulations or the rules and regulations of the Commission under the Exchange Act, as the case may be.

(n) Licenses, Approvals and Consents. The Company and each

Subsidiary has all licenses, approvals and consents for the conduct of its respective businesses the failure to have which would have a material adverse effect on the business of the Company (or of the Company and its Subsidiaries taken as a whole).

(o) True and Complete Documents. The certificates delivered pursuant

to paragraph (g) of Section 5 hereof and all other documents delivered by the Company or its representatives in connection with the issuance and sale of the Notes and the issuance and pledge of the Collateral Bond were on the dates on

which they were delivered, or will be on the dates on which they are to be delivered, in all material respects true and complete.

SECTION 2. Solicitations as Agent.

(a) Appointment. Subject to the terms and conditions stated herein,

the Company hereby appoints each of the Agents as the exclusive agents of the Company for the purpose of soliciting or receiving offers to purchase the Notes from the Company by others. On the basis of the representations and warranties contained herein, but subject to the terms and conditions herein set forth, each Agent agrees, as the exclusive agents of the Company, to use its reasonable best efforts to solicit offers to purchase the Notes upon the terms and conditions set forth in the Prospectus. Except as otherwise provided herein, so long as this Agreement shall remain in effect with respect to any Agent, the Company shall not, without the consent of each such Agent, solicit or accept offers to purchase Notes otherwise than through one of the Agents; provided, however, that the Company expressly reserves the right to sell Notes directly to investors and to appoint other persons, partnerships or corporations ("Additional Agents") to act as its agent to solicit offers for the purchase of Notes pursuant to this Agreement; provided, further, each Additional Agent shall execute this Agreement and become a party hereto and thereafter the term "Agent" as used in this Agreement shall mean the Agents named herein and such Additional Agents. Nothing in this Agreement shall limit the ability of the Company to sell Debt Securities other than the Notes through agents or underwriters other than the Agents.

(b) Suspension of Solicitation. The Company reserves the right, in

its sole discretion, to suspend solicitation of offers to purchase the Notes commencing at any time for any period of time or permanently. Upon receipt of at least one business day's prior written notice from the Company, the Agents will forthwith suspend solicitation of offers to purchase Notes from the Company until such time as the Company has advised the Agents that such solicitation may be resumed. For the purpose of the foregoing sentence, "business day" shall mean any day which is not a Saturday or Sunday and which in New York City is not a day on which banking institutions are generally authorized or obligated by law to close.

(c) Agent's Commission. Promptly upon the closing of the sale of any

Notes sold by the Company as a result of a solicitation made by an Agent, the Company agrees to pay such Agent a commission in accordance with the schedule set forth in Exhibit A hereto.

(d) Solicitation of Offers. The Agents are authorized to solicit

offers to purchase the Notes only in denominations of \$1,000 or any amount in excess thereof which is an integral multiple of \$1,000, at a purchase price equal to 100% of the principal amount thereof or such other principal amount as

shall

be specified by the Company. Each Agent shall communicate to the Company, orally or in writing, each reasonable offer to purchase Notes received by it as Agent. The Company shall have the sole right to accept offers to purchase the Notes and may reject any such offer in whole or in part. Each Agent shall have the right, in its discretion reasonably exercised without advising the Company, to reject any offer to purchase the Notes received by it, in whole or in part, and any such rejection shall not be deemed a breach of its agreement contained herein.

(e) Administrative Procedures. Administrative procedures respecting

the sale of Notes (the "Procedures") are set forth in Exhibit B hereto and may be amended in writing from time to time by the Agents and the Company. Each Agent and the Company agree to perform the respective duties and obligations specifically provided to be performed by each of them herein and in the Procedures.

(f) Delivery of Documents. The documents required to be delivered by

Section 5 hereof shall be delivered at the offices of _____, _____, not later than 10:00 A.M., New York time, on the date of this Agreement or at such later time as may be mutually agreed upon by the Company and the Agents, which in no event shall be later than the time at which the Agents commence solicitation of offers to purchase Notes hereunder (the "Closing Date").

SECTION 3. Covenants of the Company.

The Company covenants and agrees:

(a) Delivery of Signed Registration Statement and Prospectus. To

furnish promptly to the Agents and to their counsel a signed copy of the Registration Statement as originally filed and each amendment or supplement thereto, all documents incorporated therein by reference and all consents and exhibits filed therewith;

(b) Delivery of Other Documents. To deliver promptly to the Agents,

and in such number as they may reasonably request, each of the following documents: (i) conformed copies of the Registration Statement, (ii) the Basic Prospectus, (iii) each Prospectus and (iv) any documents incorporated by reference in the Prospectus;

(c) Revisions to Prospectus - Material Changes. If, during any

Marketing Period, any event occurs as a result of which the Prospectus would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, or if it is necessary at any time to amend any Prospectus to comply with the Act, to notify the Agents promptly, in writing, to suspend solicitation of purchases of the Notes; and if the Company shall decide to amend or supplement the Registration Statement or any Prospectus,

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to promptly advise the Agents by telephone (with confirmation in writing) and to promptly, in writing, prepare and file with the Commission an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance; provided, however, that if during the period

referred to above any Agent shall own any Notes which it has purchased from the Company as principal with the intention of reselling them, the Company shall promptly prepare and timely file with the Commission any amendment or supplement to the Registration Statement or any Prospectus that may, in the judgment of the Company or the Agents, be required by the Act or requested by the Commission;

(d) Commission Filings. To timely file with the Commission during

any Marketing Period, all documents (and any amendments to previously filed documents) required to be filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act;

(e) Copies of Filings with Commission. Prior to filing with the

Commission during any Marketing Period, (i) any amendment or supplement to the Registration Statement, (ii) any amendment or supplement to any Prospectus or (iii) any document incorporated by reference in any of the foregoing or any amendment of or supplement to any such incorporated document, to furnish a copy thereof to the Agents;

(f) Notice to Agent of Certain Events. To advise the Agents

immediately (i) when any post-effective amendment to the Registration Statement relating to or covering the Notes becomes effective, (ii) of any request or proposed request by the Commission for an amendment or supplement to the Registration Statement, to any Prospectus, to any document incorporated by reference in any of the foregoing or for any additional information and to afford the Agents a reasonable opportunity to comment on any such proposed amendment or supplement, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any part thereof or any order directed to any Prospectus or any document incorporated therein by reference or the initiation or threat of any stop order proceeding or of any challenge to the accuracy or adequacy of any information included or document incorporated by reference in any Prospectus, (iv) of receipt by the Company of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threat of any

proceeding for that purpose, (v) of any downgrading in the rating of the Notes or any other debt securities of the Company, or any proposal to downgrade the rating of the Notes or any other debt securities of the Company, by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), as soon as the Company learns of any such downgrading or proposal to downgrade, (vi) any modification, extension, expiration or revocation of the Order and (vii) of the happening of any event

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which makes untrue any statement of a material fact made in the Registration Statement or any Prospectus or which requires the making of a change in the Registration Statement or any Prospectus in order to make any material statement therein not misleading;

(g) Stop Orders. If, during any Marketing Period, the Commission

shall issue a stop order suspending the effectiveness of the Registration Statement, to make every reasonable effort to obtain the lifting of that order at the earliest possible time;

(h) Earnings Statements. As soon as practicable, but not later than

18 months, after the date of each acceptance by the Company of an offer to purchase Notes hereunder, to make generally available to its security holders an earnings statement covering a period of at least 12 months beginning after the latest of (i) the effective date of the Registration Statement, (ii) the effective date of the most recent post-effective amendment to the Registration Statement to become effective prior to the date of such acceptance or (iii) the date of the Company's most recent Annual Report on Form 10-K filed with the Commission prior to the date of such acceptance which will satisfy the provisions of Section 11(a) of the Act and Rule 158 of the Rules and Regulations;

(i) Copies of Reports, Releases and Financial Statements. So long as

any of the Notes are outstanding, to furnish to the Agents, not later than the time the Company makes the same available to others, copies of all public reports or releases and all reports and financial statements furnished by the Company to any securities exchange on which the Notes are listed pursuant to any requirements of or agreements with such exchange or to the Commission pursuant to the Exchange Act or any rule or regulation of the Commission thereunder; and

(j) Blue Sky Qualifications. To endeavor, in cooperation with the

Agents, to qualify the Notes for offering and sale under the securities laws of such jurisdictions as the Agents may designate, and to maintain such qualifications in effect for as long as may be required for the distribution of the Notes; and to file such statements and reports as may be required by the laws of each jurisdiction in which the Notes have been qualified as above provided.

(k) Certain State Requirements. The Company confirms as of the date

hereof, and each acceptance by the Company of an offer to purchase Notes will be deemed to be an affirmation, that the Company is in compliance with all provisions of Section 1 of the Laws of Florida, Chapter 92-198, An Act Relating

to Disclosure of Doing Business with Cuba, and the Company further agrees that

if it commences engaging in business with the government of Cuba or with any person or affiliate located in Cuba after the date the Registration Statement becomes or has become effective with the Securities and Exchange Commission or

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with the Florida Department of Banking and Finance (the "Department"), whichever date is later, or if the information reported in the Prospectus, if any, concerning the Company's business with Cuba or with any person or affiliate located in Cuba or with any person or affiliate located in Cuba changes in any material way, the Company will provide the Department notice of such business or change, as appropriate, in a form acceptable to the Department.

SECTION 4. Payment of Expenses. -----

The Company will pay:

(i) the costs incident to the authorization, issuance, sale and delivery of the Notes, the issuance and pledge of the Collateral Bond and any taxes payable in either connection,

(ii) the costs incident to the preparation, printing and filing under the Act of the Registration Statement and any amendments and exhibits thereto (including the Indenture and the Mortgage Documents),

(iii) the costs incident to the preparation, printing and filing of any document and any amendments and exhibits thereto required to be filed by the Company under the Exchange Act,

(iv) the costs of distributing the Registration Statement, as originally filed, and each amendment and post-effective amendment thereof (including exhibits), the Basic Prospectus, each Prospectus, any supplement or amendment to any Prospectus and any documents incorporated by reference in any of the foregoing documents,

(v) the fees and disbursements of the Trustee, the Mortgage Trustee, any paying agent, any calculation agent and any other agent appointed by the Company, and their respective counsel,

(vi) the costs and fees in connection with the recording and filing of the First Mortgage Supplemental Indenture,

(vii) the costs and fees in connection with the listing of the Notes on any securities exchange,

(viii) the cost of any filing with the National Association of Securities Dealers, Inc.,

(ix) the fees and disbursements of counsel to the Company and counsel to the Agents,

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(x) the fees paid to rating agencies in connection with the rating of the Notes,

(xi) the fees and expenses of qualifying the Notes under the securities laws of the several jurisdictions as provided in Section 3(j) hereof and of preparing and printing a Blue Sky Memorandum and a memorandum concerning the legality of the Notes as an investment (including fees and expenses of counsel for the Agents in connection therewith),

(xii) all advertising expenses in connection with the offering of the Notes incurred with the consent of the Company and

(xiii) other costs and expenses incident to the performance of the Company's obligations under this Agreement.

SECTION 5. Conditions of Obligations of Agents.

The obligation of the Agents, as agents of the Company, under this Agreement to solicit offers to purchase the Notes, the obligation of any person who has agreed to purchase Notes to make payment for and take delivery of such Notes, and the obligation of any Agent to purchase Notes pursuant to any Purchase Agreement, is subject to the accuracy, on each Representation Date, of the representations and warranties of the Company contained herein, to the accuracy of the statements of the Company's officers made in any certificate furnished pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder, and to each of the following additional terms and conditions:

(a) Registration Statement. No stop order suspending the

effectiveness of the Registration Statement or any part thereof nor any order directed to any document incorporated by reference in any Prospectus shall have been issued, no stop order proceeding shall have been initiated or threatened by the Commission and no challenge shall have been made to the accuracy or adequacy of any information included or document incorporated by reference in any Prospectus; any request of the Commission for inclusion of additional information in the Registration Statement or any Prospectus or otherwise shall have been complied with by the Company or withdrawn by the Commission; and the

Company shall not have filed with the Commission any amendment or supplement to the Registration Statement or any Prospectus (or during any Marketing Period any document incorporated by reference therein) without the consent of the Agents.

(b) No Suspension of Sale of the Notes. No order suspending the sale

of the Notes in any jurisdiction designated by the Agents pursuant to Section 3(j) hereof shall have been

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issued, and no proceeding for that purpose shall have been initiated or threatened.

(c) No Material Omissions or Untrue Statements. The Agents shall not

have discovered and disclosed to the Company that the Registration Statement or any Prospectus contains an untrue statement of a fact which, in the opinion of counsel for the Agents, is material or omits to state a fact which, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(d) First Mortgage Indenture Requirements. All conditions precedent

and other requirements provided in Article III of the First Mortgage Indenture in connection with the authentication and delivery of the Collateral Bond shall have been duly satisfied by the Company and the Mortgage Trustee.

(e) Legal Matters Satisfactory to Counsel. All corporate proceedings

and other legal matters incident to the authorization, form and validity of this Agreement, the Notes, the Indenture, the Mortgage Documents, the form of the Registration Statement, each Prospectus (other than financial statements and other financial data) and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be satisfactory in all respects to counsel for the Agents and the Company shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(f) Opinion of Company Counsel. On the Closing Date, the Agents

shall have received the opinion, addressed to the Agents and dated the Closing Date, of Michael, Best & Friedrich, counsel for the Company, in form and substance satisfactory to the Agents and their counsel, to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation under the laws of the State of Wisconsin, with corporate authority to own and operate its properties, and valid franchises, licenses and permits adequate for the conduct of its business, as described in the Prospectus;

(ii) The Notes are in a form contemplated by the Indenture and have been duly authorized by all necessary corporate action and, when the terms of the Notes and of their issue and sale have been duly established in accordance with the Indenture and this Agreement so as not to violate any applicable law or agreement or instrument then binding on the Company, and when the Notes have been duly executed and authenticated as specified in the Indenture and delivered against payment therefor in accordance with this Agreement, the Notes will be legal, valid and binding obligations of the Company enforceable in

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accordance with their terms (except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles), and entitled to the benefits of the Indenture and the security of the Collateral Bond;

(iii) The execution, delivery and performance of this Agreement, the Purchase Agreements, if any, the Indenture and the Mortgage Documents and compliance by the Company with the provisions thereof will not conflict with, or result in any charge or encumbrance upon any of the assets of the Company (other than pursuant to the First Mortgage Indenture) pursuant to the terms of, or constitute a default under, any material agreement, indenture or instrument known to such counsel, or result in a violation of the Amended and Restated Articles of Incorporation or by-laws of the Company (as in effect on the date of such opinion) or any material order, rule or regulation (also as in effect on the date of such opinion) known to such counsel of any court or governmental agency having jurisdiction over the Company;

(iv) The First Mortgage Indenture has been duly and validly authorized by the necessary corporate action, has been duly executed and delivered and constitutes a valid and legally binding instrument enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general applicability relating to or affecting the enforcement of mortgagees' and other creditors' rights or by general principles of equity; and the Collateral Bonds and the First Mortgage Indenture conform as to legal matters in all material respects with the statements concerning them made in the Prospectus;

(v) The First Mortgage Indenture constitutes a valid, direct first mortgage lien for the benefit of all bonds issued thereunder, including the Collateral Bonds, subject to such permissible encumbrances as are defined therein, upon substantially all the permanent fixed properties of the Company (with the exception of such properties as are expressly excepted and excluded from such lien) now owned or hereafter acquired by the Company;

(vi) The First Mortgage Indenture has been qualified under the Trust

(vii) The order of the Wisconsin Commission authorizing the issuance and sale of the Notes and the pledge of the Collateral Bonds has been duly entered and, to the best knowledge of such counsel, is still in force and effect; and no further approval, authorization, consent, certificate or order of any state or federal commission or regulatory authority is necessary with respect to the execution and

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delivery of the First Mortgage Supplemental Indenture, the issuance and sale of the Notes or the pledge of the Collateral Bonds, except that the offering and sale of the Notes and the pledge of the Collateral Bonds in certain jurisdictions may be subject to the securities or "blue sky" laws thereof, as to which such counsel need express no opinion;

(viii) The Registration Statement has become effective under the Act; to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for such purpose have been instituted or threatened under Section 8 of the Act; the Registration Statement, at the Effective Date, and the Prospectus, at the date it was filed with, or transmitted for filing to, the Commission pursuant to Rule 424(b) (other than the financial statements and other financial and statistical information contained or incorporated by reference in the Registration Statement and the Prospectus, as to which such counsel need express no opinion), complied as to form in all material respects with the applicable requirements of the Act and the Trust Indenture Act and the applicable instructions, rules and regulations of the Commission thereunder; and the documents or portions thereof filed with the Commission pursuant to the Exchange Act and deemed to be incorporated by reference in the Registration Statement and the Prospectus (other than the financial statements and other financial and statistical information contained therein, as to which such counsel need express no opinion), at the time they were filed with the Commission, complied as to form in all material respects with the applicable requirements of the Exchange Act and the applicable instructions, rules and regulations of the Commission thereunder;

(ix) Except as expressly stated in such counsel's opinion pursuant to the requirements of this Section 5(f), but otherwise without any independent check or verification, such counsel has no reason to believe that the Registration Statement, at the Effective Date (other than the financial statements and other financial and statistical information contained therein, as to which such counsel need express no opinion), contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, at the date it was filed with, or transmitted for filing to, the Commission pursuant to Rule 424(b) or at the date of such opinion (other than the financial statements and other financial and statistical information contained

therein, as to which such counsel need express no opinion) included any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements

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therein, in the light of the circumstances under which they were made, not misleading;

(x) To the best knowledge or such counsel, there is no default under any material indenture, mortgage, deed of trust, lease or other material agreement or instrument to which the Company is a party or by which the Company, or any of its property, is bound arising from the consummation of the transactions contemplated by, and the fulfillment of the terms of, this Agreement or arising from compliance by the Company with all the terms and provisions of the First Mortgage Indenture;

(xi) Except as described in the Prospectus, there is, to the best knowledge of such counsel, no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel, threatened against or affecting the Company wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement or the validity or enforceability against the Company of this Agreement, the First Mortgage Indenture, the Notes or the Collateral Bonds; and

(xii) This Agreement has been duly authorized, executed and delivered by the Company.

The Agents shall also be entitled to rely upon the opinions of such counsel delivered to the First Mortgage Trustee in connection with the issuance and authentication of the Collateral Bond.

(g) Opinion of Counsel for the Agents. The Agents shall have _____ received the opinion, addressed to the Agents and dated the Closing Date, of _____, counsel for the Agents, in form and substance satisfactory to the Agents and covering such matters as they shall request. _____ shall be entitled to rely on the opinion of Michael, Best & Friedrich with respect to matters of Wisconsin law.

(h) Officers' Certificate. The Company shall have furnished to the _____ Agents on the Closing Date a certificate, dated the Closing Date, of its President, Chief Executive Officer and Chief Operating Officer and of any Vice President stating that:

(i) The representations, warranties and agreements of the Company in Section 1 hereof are true and correct as of the Closing Date; the Company has complied with all its agreements contained herein; and the conditions set forth in Sections 5(a), 5(b) and 5(d) hereof have been fulfilled; and

(ii) They have carefully examined the Registration Statement and the Prospectus and, in their opinion, (A) the

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Registration Statement, as of its effective date, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, (B) the Prospectus does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (C) since the effective date of the Registration Statement there has not occurred any event required to be set forth in an amended or supplemented prospectus which has not been so set forth.

(i) Accountant's Letter. The Company shall have furnished to the

Agents on the Closing Date a letter of Coopers & Lybrand, addressed jointly to the Company and the Agents and dated the Closing Date, of the type described in the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 72, in form and substance reasonably satisfactory to the Agents, confirming that they are independent accountants with respect to the Company and its Subsidiaries within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating in effect that:

(i) In their opinion, the financial statements and schedules audited by them and included in the Prospectus contained in the Registration Statement comply in form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations;

(ii) They have made a review of any unaudited financial statements included in the Prospectus in accordance with certain procedures specified in such letter;

(iii) On the basis of the review referred to in (ii) above and a reading of the latest available interim financial statements of the Company, inquiries of officials of the Company who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements, if any, included in the Prospectus do not comply in form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations or are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included in the Prospectus;

(B) the unaudited capsule information, if any, included in the Prospectus does not agree with the amounts set forth in the unaudited consolidated

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financial statements from which it was derived or was not determined on a basis substantially consistent with that of the audited financial statements included in the Prospectus;

(C) at the date of the latest available balance sheet read by such accountants, or at a subsequent specified date not more than five days prior to the Closing Date, there was any change in the capital stock, any increase in short-term indebtedness or long-term debt of the Company and its Subsidiaries or, at the date of the latest available balance sheet read by such accountants, there was any decrease in consolidated net current assets or net assets as compared with amounts shown on the latest balance sheet included in the Prospectus; or

(D) for the period from the date of the latest income statement included in the Prospectus to the closing date of the latest available income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year, in operating revenues, operating income, income before interest and other charges, net income or the ratio of earnings to fixed charges;

(iv) They have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Prospectus (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Company and its Subsidiaries subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

All financial statements and schedules included in material incorporated by reference into the Prospectus shall be deemed included in the Prospectus for purposes of this subsection.

(j) Additional Conditions. There shall not have occurred: (i) any

change, or any development involving a prospective change, in or affecting primarily the business, properties, condition (financial or other), results of operations or prospects of the Company or the Company and its Subsidiaries taken as a whole which materially impairs the investment quality of the Notes; (ii) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the

establishment of minimum prices on such exchange; (iii) a general moratorium on commercial banking activities declared by Federal or New York State or Wisconsin authorities; (iv) any downgrading in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act, or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (v) any outbreak or escalation of hostilities, any declaration of war by Congress or any other substantial national calamity or emergency; or (vi) any material adverse change in the existing financial, political or economic conditions in the United States, including any effect of international conditions on the financial markets in the United States, that in the judgment of the Agents makes it impracticable or inadvisable to proceed with the solicitation of offers to purchase Notes or the purchase of Notes from the Company as principal pursuant to the applicable Purchase Agreement, as the case may be.

(k) Other Information and Documentation. Prior to the Closing Date,

the Company shall have furnished to the Agents such further information, certificates and documents as the Agents or counsel to the Agents may reasonably request.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in the form and substance satisfactory to the Agents.

SECTION 6. Additional Covenants of the Company.

The Company covenants and agrees that:

(a) Acceptance of Offer Affirms Representations and Warranties. Each

acceptance by it of an offer for the purchase of Notes shall be deemed to be an affirmation that the representations and warranties of the Company contained in this Agreement and in any certificate theretofore given to the Agents pursuant hereto are true and correct at the time of such acceptance, and an undertaking that such representations and warranties will be true and correct at the time of delivery to the purchaser or his agent of the Notes relating to such acceptance as though made at and as of each such time (and it is understood that such representations and warranties shall relate to the Registration Statement and the Prospectus as amended or supplemented to each such time).

(b) Subsequent Delivery of Officers' Certificates. The Company

agrees that during each Marketing Period, each time that the Registration Statement or any Prospectus shall be amended or supplemented (other than by a Pricing Supplement

providing solely for the interest rates or maturities of the Notes or the principal amount of Notes remaining to be sold or similar changes) or the Company files with the Commission any document incorporated by reference into any Prospectus, the Company shall, absent the submission of a certificate as provided below, be deemed to have represented to the Agents, (i) as of the date of such amendment, supplement or filing or (ii) if such amendment, supplement or filing was not filed during a Marketing Period, as of the first day of the next succeeding Marketing Period, that the statements contained in the certificate referred to in Section 5(h) hereof which was last furnished to the Agents are true and correct at the time of such amendment, supplement or filing, as the case may be, as though made at and as of such time (except that such statements shall be deemed to relate to the Registration Statement and each Prospectus as amended and supplemented to such time) or, in lieu of such representation, the Company may submit to the Agents a certificate of the same tenor as the certificate referred to in said Section 5(h), modified as necessary to relate to the Registration Statement and each Prospectus as amended and supplemented to the time of delivery of such certificate.

(c) Subsequent Delivery of Legal Opinion. The Company agrees that

during each Marketing Period, each time that the Registration Statement or any Prospectus shall be amended or supplemented (other than by a Pricing Supplement providing solely for the interest rates or maturities of the Notes or the principal amount of Notes remaining to be sold or similar changes) or the Company files with the Commission any document incorporated by reference into the Prospectus (other than such a document setting forth or incorporating by reference financial statements or other information as of and for a fiscal quarter, unless in your reasonable judgment such financial statements or other information is of such a nature that an opinion of counsel should be furnished), the Company shall, (i) concurrently with such amendment, supplement or filing or (ii) if such amendment, supplement or filing was not filed during a Marketing Period, on the first day of the next succeeding Marketing Period, furnish the Agents and their counsel with the written opinion of Michael, Best & Friedrich, counsel for the Company, addressed to the Agents and dated the date of delivery of such opinion, in form satisfactory to the Agents, to the same effect as the opinion referred to in Section 5(f) hereof, but modified, as necessary, to relate to the Registration Statement and each Prospectus as amended or supplemented to the time of delivery of such opinion; provided, however, that in

lieu of such opinion, such counsel may furnish the Agents with a letter to the effect that the Agents may rely on such prior opinion to the same extent as though it was dated the date of such letter authorizing reliance (except that statements in such prior opinion shall be deemed to relate to the Registration Statement and each Prospectus as amended or supplemented to the time of delivery of such letter authorizing reliance).

(d) Subsequent Delivery of Accountant's Letters. The Company agrees

that during each Marketing Period, each time that the Registration Statement or any Prospectus shall be amended or supplemented to include additional financial information or the Company files with the Commission any document incorporated by reference into any Prospectus which contains additional financial information, the Company shall cause Coopers & Lybrand (or other independent accountants of the Company acceptable to the Agents) to furnish the Agents, (i) concurrently with such amendment, supplement or filing or (ii) if such amendment, supplement or filing was not filed during a Marketing Period, on the first day of the next succeeding Marketing Period, a letter, addressed jointly to the Company and the Agents and dated the date of delivery of such letter, in form and substance reasonably satisfactory to the Agents, to the same effect as the letter referred to in Section 5(i) hereof but modified to relate to the Registration Statement and each Prospectus, as amended and supplemented to the date of such letter, with such changes as may be necessary to reflect changes in the financial statements and other information derived from the accounting records of the Company; provided, however, that if the Registration Statement or

any Prospectus is amended or supplemented solely to include financial information as of and for a fiscal quarter, such accountants may limit the scope of such letter to the unaudited financial statements included in such amendment or supplement unless there is contained therein any other accounting, financial or statistical information that, in the reasonable judgment of the Agents, should be covered by such letter, in which event such letter shall also cover such other information.

(e) Additional Requests for Settlement Date. On any settlement date

for the sale of Notes, the Company shall, if requested by the Agent that solicited or received the offer to purchase any Notes being delivered on such settlement date, furnish such Agent with a written opinion of Michael, Best & Friedrich, counsel for the Company, an officers' certificate and/or an accountant's letter, dated such settlement date, in form satisfactory to such Agent, to the effect set forth in Section 5(f), Section 5(h) or Section 5(i) hereof, as the case may be, but modified, as necessary, to relate to the Prospectus relating to the Notes to be delivered on such settlement date; provided, however, that such request shall have been made by such Agent and

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agreed to by the Company concurrently with the trade to which it relates; and provided, further, that in lieu of such opinion described in Section 5(f), such

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counsel may furnish the Agents with a letter to the effect that the Agents may rely on such prior opinion to the same extent as though it was dated such settlement date (except that statements in such prior opinion shall be deemed to relate to the Registration Statement and such Prospectus as amended or supplemented to the time of delivery of such letter authorizing reliance).

(f) Notices Regarding the Order. The Company agrees to notify each

Agent promptly of any modification, extension or revocation of the Order, and the Company shall immediately instruct each Agent to cease soliciting offers to purchase Notes to the extent that the Order expired or is revoked.

SECTION 7. Indemnification and Contribution.

(a) The Company shall indemnify and hold harmless each Agent and each person, if any, who controls any Agent within the meaning of the Act from and against any loss, claim, damage or liability, joint or several, and any action in respect thereof, to which such Agent or controlling person may become subject, under the Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus, or arises out of, or is based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse each Agent and controlling person for any reasonable legal and other expenses when and as incurred by such Agent or controlling person in investigating or defending or preparing to defend against any such loss, claim, damage, liability or action; provided, however, that the Company shall not be liable in any such

case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in either Form T-1 or made in the Registration Statement or the Prospectus in reliance upon and in conformity with written information furnished to the Company by the Agents specifically for inclusion therein; provided, further, that as to any Prospectus included in the

Registration Statement before it became effective under the Act (a "Preliminary Prospectus") this indemnity agreement shall not inure to the benefit of any Agent on account of any loss, claim, damage, liability or action arising from the sale of Notes to any person by that Agent if that Agent failed to send or give a copy of the Prospectus, as the same may be amended or supplemented, to that person within the time required by the Act, and the untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact in such Preliminary Prospectus was corrected in the Prospectus, unless such failure resulted from noncompliance by the Company with Section 3(b). The foregoing indemnity agreement is in addition to any liability which the Company may otherwise have to any Agent or controlling person.

(b) Each Agent agrees, severally and not jointly, to indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement and any person who controls the Company within the meaning of the Act from and against any loss, claim, damage or liability,

several, and any action in respect thereof, to which the Company or any such director, officer or controlling person may become subject, under the Act, the Exchange Act or federal or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus, or arises out of, or is based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Agent specifically for inclusion therein, and shall reimburse the Company or any such director, officer or controlling person for any reasonable legal and other expenses when and as incurred by such indemnified party in investigating or defending or preparing to defend against any such loss, claim, damage, liability or action. The foregoing indemnity agreement is in addition to any liability which any Agent may otherwise have to the Company or any of its directors, officers or controlling persons.

(c) Promptly after receipt by an indemnified party under this Section of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section, notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to

notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein, and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that

the Agents shall have the right to employ counsel to represent the Agents who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Agents against the Company under this Section if, in the reasonable judgment of the Agents, it is advisable for the Agents to be represented by separate counsel, and in that event the fees and expenses of such counsel shall be paid by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to

indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in this Section 7 shall for any reason be unavailable to an indemnified party under Section 7(a) or 7(b) hereof in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and any Agents on the other from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and any Agents on the other with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and any Agent on the other with respect to such offering shall be deemed to be in the same proportion as the total net proceeds from the offering of the Notes (before deducting expenses) received by the Company bears to the total commissions received by such Agent with respect to such offering. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or any Agent, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Agents agree that it would not be just and equitable if contributions pursuant to this Section 7(d) were to be determined by pro rata allocation (even if the Agents were treated as one entity for

such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 7(d) shall be deemed to include, for purposes of this Section 7(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7(d), no Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Notes sold through such Agent and distributed to the public were offered to the public exceeds the amount of any damages which such Agent would have otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

SECTION 8. Status of Each Agent.

In soliciting offers to purchase the Notes from the Company pursuant to this Agreement (other than offers to purchase pursuant to Section 11), each Agent is acting solely as agent for the Company and not as principal. Each Agent will make reasonable efforts to assist the Company in obtaining performance by each purchaser whose offer to purchase Notes from the Company has been solicited by such Agent and accepted by the Company, but such Agent shall have no liability to the Company in the event any such purchase is not consummated for any reason. If the Company shall default in its obligations to deliver Notes to a purchaser whose offer it has accepted, the Company shall (i) hold the Agents harmless against any loss, claim or damage arising from or as a result of such default by the Company and (ii) in particular, pay to the Agents any commission to which they would be entitled in connection with such sale.

SECTION 9. Representations and Warranties to Survive Delivery.

All representations and warranties of the Company contained in this Agreement, or contained in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect, regardless of the termination or cancellation of this Agreement or any investigation made by or on behalf of any Agent or any person controlling such Agent or by or on behalf of the Company, and shall survive each delivery of and payment for any of the Notes.

SECTION 10. Termination.

This Agreement may be terminated for any reason with respect to any party hereto, at any time, by any party hereto

upon the giving of one day's written notice of such termination to the other parties hereto; provided, however, such termination shall be effective only with respect to such terminating party. If, at the time of a termination, an offer to purchase any of the Notes has been accepted by the Company but the time of delivery to the purchaser has not occurred, the provisions of Sections 3(c), 3(i) and (j) shall remain in effect until such Notes are delivered. The provisions of Sections 3(c), 3(d), 3(h), 4, 7, 8, 9, 12, 13 and 14 hereof shall survive any such termination.

SECTION 11. Purchases as Principal.

Each sale of Notes to any Agent as principal, for resale to one or more investors or to another broker-dealer (acting as principal for purposes of resale), shall be made in accordance with the terms of this Agreement and a Purchase Agreement, whether oral (and confirmed in writing, which may be by facsimile transmission) or in writing, which will provide for the sale of such Notes to, and the purchase thereof by, such Agent. A Purchase Agreement may also specify certain provisions relating to the reoffering of such Notes by such Agent including without limitation, the reallowance to any broker or dealer included in a selling group for the Notes of any portion of any discount or commission payable pursuant to a Purchase Agreement. The commitment of any Agent to purchase Notes of the Company pursuant to any Purchase Agreement shall be deemed to have been made on the basis of the representations and warranties of the Company herein contained and shall be subject to the terms and conditions herein set forth. Each Purchase Agreement shall contain the information specified in Exhibit C hereto. Such Purchase Agreement shall also specify any requirements for delivery of opinions of counsel and officers' certificates pursuant to Section 5 hereof.

SECTION 12. Notices.

Except as otherwise provided herein, all notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the respective Agents shall be directed as follows:

_____, _____, _____.
Notices to the Company shall be directed to it as follows: Madison Gas and Electric Company, 133 South Blair Street, Madison, Wisconsin 53703, Attention: Vice President-Finance.

SECTION 13. Binding Effect; Benefits.

This Agreement shall be binding upon each Agent, the Company and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that (a) the representations, warranties, indemnities and agreements of the Company contained in this Agreement shall also be deemed to be for the benefit of the

person or persons, if any, who control any Agent within the meaning of Section 15 of the Act, and (b) the indemnity agreement of the Agents contained in Section 7 hereof shall be deemed to be for the benefit of directors of the Company, officers of the Company who have signed the Registration Statement and any person controlling the Company. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

SECTION 14. Governing Law; Counterparts.

This Agreement shall be governed by and construed in accordance with the laws of the State of _____. This Agreement may be executed in counterparts and the executed counterparts shall together constitute a single instrument.

SECTION 15. Paragraph Headings.

The paragraph headings used in this Agreement are for convenience of reference only, and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

If the foregoing correctly sets forth our agreement, please indicate your acceptance hereof in the space provided for that purpose below.

Very truly yours,

MADISON GAS AND ELECTRIC
COMPANY

By _____
Title:

CONFIRMED AND ACCEPTED, as of
the date first above written:

[AGENT]

By _____
Title:

[AGENT]

By

Title:

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EXHIBIT A

Madison Gas and Electric Company
Secured Medium-Term Notes, Series A
Due from 9 Months to 35 Years from Date of Issue
Schedule of Payments

The Company agrees to pay each Agent a commission equal to the following percentage of the aggregate dollar equivalent of the principal amount of Notes sold through such Agent:

<TABLE>
<CAPTION>

Term ----	Commission Rate -----
<S>	<C>
9 months to less than 12 months	.125%
12 months to less than 18 months	.150%
18 months to less than 2 years	.200%
2 years to less than 3 years	.250%
3 years to less than 4 years	.350%
4 years to less than 5 years	.450%
5 years to less than 6 years	.500%
6 years to less than 7 years	.550%
7 years to less than 10 years	.600%
10 years to less than 15 years	.625%
15 years to less than 20 years	.650%
20 years and longer	.750%

</TABLE>

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EXHIBIT B

Madison Gas and Electric Company
Secured Medium-Term Notes, Series A
Due from 9 Months to 35 Years from Date of Issue
Administrative Procedures

Secured Medium-Term Notes, Series A, due from 9 months to 35 years from date of issue (the "Notes") are to be offered on a continuing basis by Madison Gas and Electric Company (the "Company"). _____ and _____, as agents (each an "Agent" and collectively, the "Agents"), have each agreed to use their reasonable best efforts to solicit offers to purchase the Notes. The Notes are being sold pursuant to an Agency Agreement between the Company and the Agents dated _____, 1994 (as it may be supplemented or amended from time to time, the "Agency Agreement") to which these administrative procedures are attached as an exhibit. The Notes will be issued pursuant to an Indenture, dated as of March 1, 1994 (as it may be amended or supplemented from time to time, the "Indenture"), between the Company and M&I First National Bank, as trustee (the "Trustee") and the Company will issue its first mortgage bond, 2029 Series (the "Collateral Bond") and pledge it to the Trustee to secure the Notes. The Notes have been registered with the Securities and Exchange Commission (the "Commission"). Terms defined in the Prospectus relating to the Notes (the "Prospectus") and in the Agency Agreement shall have the same meaning when used in this exhibit. Special administrative procedures for Global Securities relating to Book-Entry Notes follow these administrative procedures.

Administrative responsibilities, document control and record-keeping functions to be performed by the Company will be performed by or under the direction of its Vice President-Finance. Administrative procedures for the offering are explained below.

Price to Public

- - - - -

Each Note will be issued at 100% of principal amount, unless otherwise determined by the Company.

Date of Issuance

- - - - -

Each Note will be dated and issued as of the date of its authentication by the Trustee.

Maturities

- - - - -

Each Note will mature on a Business Day (as defined below) selected by the purchaser and agreed upon by the Company, such date being at least 9 months but not more than 35 years from

the date of issuance. Each Floating Rate Note will mature on an Interest Payment Date (as defined below).

"Business Day" shall mean any day which is not a Saturday or Sunday and which is not a day on which banking institutions are generally authorized or obligated by law to close in Milwaukee, Wisconsin or The City of New York.

Registration

- - - - -

Notes will be issued only in fully registered form as either a Book-Entry Note or a Certificated Note. Certificated Notes may be presented for registration of transfer or exchange at the Trustee's New York office.

Denominations

- - - - -

The Notes (other than Notes represented by Global Securities) will be issued and payable in U.S. dollars in the denomination (unless otherwise specified in the applicable Pricing Supplement) of \$1,000 and any larger denomination which is an integral multiple of \$1,000.

Interest Payments

- - - - -

Each Note bearing interest at a fixed rate (a "Fixed Rate Note") will bear interest from its issue date at the annual rate stated on the face thereof, payable on January 15 and July 15 of each year (each an "Interest Payment Date" with respect to such Fixed Rate Note) and at Stated Maturity or upon redemption, if applicable.

Special provisions are set forth in the Prospectus relating to Notes bearing interest at a rate or rates determined by reference to an interest rate formula ("Floating Rate Notes") at a rate determined pursuant to the formula stated on the face thereof, payable in arrears on such dates as are specified therein (each an "Interest Payment Date" with respect to such Floating Rate Note).

Interest on Fixed Rate Notes will be calculated and paid on the basis of a 360-day year of twelve 30-day months. Unless otherwise provided in the applicable Pricing Supplement, interest will be payable to the person in whose name such Note is registered at the close of business on the January 1 or July 1 (whether or not a Business Day) next preceding the respective January 15 or July 15 Interest Payment Date with respect to Fixed Rate Notes or the fifteenth day (whether or not a Business Day) next preceding an Interest Payment Date with respect to Floating Rate Notes (the "Record Dates"); provided, however, that

- - - - -

interest payable at Stated Maturity will be payable to the person to whom principal shall be payable. Any payment of principal and interest on such Note required to be paid on an Interest Payment Date or at Stated Maturity or upon redemption, if applicable,

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which is not a Business Day shall be postponed to the next day which is a Business Day. The first payment of interest on any Note originally issued between a Record Date and an Interest Payment Date will be made on the Interest Payment Date following the next succeeding Record Date. All interest payments,

excluding interest payments made at Stated Maturity or upon redemption, if applicable, will be made by check mailed to the person entitled thereto as provided above, or, at the option of the Company, by wire transfer to an account maintained by such person with a bank located in the United States. Notwithstanding the foregoing, the holder of \$1 million or more in aggregate principal amount of Notes with the same Interest Payment Date may request interest payment by wire transfers.

On the fifth Business Day immediately preceding each Interest Payment Date, the Trustee will furnish the Company with the total amount of the interest payments to be made on such Interest Payment Date. The Trustee (or any duly selected paying agent) will provide monthly to the Company's Treasury Department a list of the principal and interest to be paid on Notes maturing in the next succeeding month. The Company will provide to the Trustee not later than the payment date sufficient moneys to pay in full all principal and interest payments due on such payment date. The Trustee will assume responsibility for withholding taxes on interest paid as required by law.

Acceptance and Rejection of Offers

- - - - -

The Company shall have the sole right to accept offers to purchase Notes and may reject any such offer in whole or in part. Each Agent shall promptly communicate to the Company, orally or in writing, each reasonable offer to purchase Notes from the Company received by it other than those rejected by such Agent. Each Agent shall have the right, in its discretion reasonably exercised without advising the Company, to reject any offers in whole or in part.

Settlement

- - - - -

The receipt of immediately available funds in U.S. Dollars by the Company in payment for a Note (less the applicable commission) and the authentication and issuance of such Note shall, with respect to such Note, constitute "Settlement." All offers accepted by the Company will be settled from one to five Business Days from the date of acceptance by the Company pursuant to the timetable for Settlement set forth below unless the Company and the purchaser agree to Settlement on a later date; provided, however, that the

- - - - -

Company will so notify the Trustee of any such later date on or before the Business Day immediately prior to the Settlement date.

Settlement Procedures

- - - - -

In the event of a purchase of Notes by an Agent, as principal, appropriate Settlement details will be set forth in the applicable Purchase Agreement to be entered into between such Agent and the Company pursuant to the

Agency Agreement.

Settlement procedures with regard to each Note sold through each Agent shall be as follows:

A. Such Agent (the "Presenting Agent") will advise the Company by telephone confirmed in writing or by telex or facsimile of the following Settlement information:

1. Exact name in which the Note is to be registered ("Registered Owner").
 2. Exact address of the Registered Owner and address for payment of principal and interest, if any.
 3. Taxpayer identification number of the Registered Owner.
 4. Principal amount of the Note (and, if multiple Notes are to be issued, denominations thereof).
 5. Settlement date.
 6. Stated Maturity.
 7. Issue Price and any OID information (e.g., total amount of OID, the yield to maturity and the initial accrual period OID).
 8. Trade Date/Original Issue Date.
 9. Interest rate:
 - (a) Fixed Rate Notes:
 - i) interest rate
 - ii) overdue rate, if any
 - (b) Floating Rate Notes:
 - i) interest rate basis
 - ii) initial interest rate
 - iii) spread or spread multiplier, if any
 - iv) interest rate reset periods
 - v) interest payment dates
 - vi) index maturity
 - vii) maximum and minimum interest rates, if any
 - viii) record dates
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- ix) interest determination dates
 - x) overdue rate, if any

10. The date on or after which the Notes are redeemable at the option of the Company, and additional redemption or repurchase provisions, if any.
11. Wire transfer information.
12. Presenting Agent's Commission (to be paid in the form of a discount from the proceeds remitted to the Company upon Settlement).

B. The Company will confirm the above Settlement information to the Trustee by telephone, telex or facsimile, and the Trustee will assign a Note number to the transaction. If the Company rejects an offer, the Company will promptly notify the Presenting Agent and the Trustee by telephone.

C. The Trustee will complete the first page of the preprinted 4-ply Note packet (Note: Such a packet need not be prepared if the Company is

utilizing the book-entry system, see procedures below), the form of which was

previously approved by the Company, the Agents and the Trustee.

D. The Trustee will deliver the Note (with the attached white confirmation) and the yellow and blue stubs to the Presenting Agent. Such Agent will acknowledge receipt of the Note by completing the yellow stub and returning it to the Trustee.

E. The Presenting Agent will cause to be wire transferred to a bank account designated by the Company immediately available funds in U.S. dollars in the amount of the principal amount of the Note, less the applicable commission or discount, if any.

F. The Presenting Agent will deliver the Note (with the attached white confirmation) to the purchaser against payment in immediately available funds in the amount of the principal amount of the Note. The Presenting Agent will deliver to the purchaser a copy of the most recent Prospectus applicable to the Note with or prior to any written offer of Notes, delivery of the Note and the confirmation and payment by the purchaser for the Note.

G. The Presenting Agent will obtain the acknowledgement of receipt for the Note and Prospectus by the purchaser through the purchaser's completion of the blue stub.

H. The Trustee will mail the pink stub to the Company's Vice President-Finance.

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Settlement Procedures Timetable

- - - - -

For offers accepted by the Company, Settlement procedures "A" through "H" set forth above shall be completed on or before the respective times set forth below:

<TABLE>
<CAPTION>

Settlement Procedure -----	Time (New York) ----
<S>	<C>
A	5 PM on date of order
B	3 PM on the Business Day prior to Settlement date
C-D	12 noon on the Settlement date
E	2:15 PM on the Settlement date
F-G	3 PM on the Settlement date
H	5 PM on Business Day after the Settlement date

</TABLE>

Fails
- - - - -

In the event that a purchaser of a Note shall either fail to accept delivery of or make payment for such Note on the date fixed by the Company for Settlement, the Presenting Agent will immediately notify the Trustee and the Company's Treasurer by telephone, confirmed in writing, of such failure and return the Note to the Trustee. Upon the Trustee's receipt of the Note from the Presenting Agent, the Company will promptly return to the Presenting Agent an amount of immediately available funds in U.S. dollars equal to any amount previously transferred to the Company in respect of the Note pursuant to advances made by such Agent. Such returns will be made on the Settlement date, if possible, and in any event not later than 12 noon (New York City time) on the Business Day following the Settlement date. The Company will reimburse the Presenting Agent on an equitable basis for its loss of the use of the funds during the period when the funds were credited to the account of the Company. Upon receipt of the Note in respect of which the default occurred, the Trustee will mark the Note "cancelled," make appropriate entries in its records and deliver the Note to the Company with an appropriate debit advice. The Presenting Agent will not be entitled to any commission with respect to any Note which the purchaser does not accept or make payment for.

Redemption
- - - - -

Except as otherwise specified in the applicable Pricing Supplement and on the Notes, the Notes will not be redeemable prior to their Stated Maturity. If so specified in a Pricing Supplement and on the Note, such Note will be subject to redemption by the Company, at any time on or after the date set forth on such supplement and the Note, in whole or from time to time in part, at the option of the Company, at the redemption price set forth therein, together with

interest accrued thereon on the date of redemption.

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Notice of redemption shall be given by first-class mail postage prepaid, mailed not less than 30 days nor more than 60 days prior to the date of redemption, to each holder of Notes to be redeemed, in accordance with the Indenture. In the event of redemption in part of any Note, a new Note for the amount of the unredeemed portion shall be issued in the name of the Holder upon cancellation of the redeemed Note.

Maturity

- - - - -

Upon presentation of each Note at Stated Maturity the Trustee (or any duly appointed paying agent) will pay the principal amount thereof, together with accrued interest through the date of redemption. Such payment shall be made in immediately available funds in U.S. dollars, provided that the Note is presented to the Trustee (or any such paying agent) in time for the Trustee (or such paying agent) to make payments in such funds in accordance with its normal procedures. The Company will provide the Trustee (and any such paying agent) with funds available for immediate use for such purpose. Notes presented at Stated Maturity will be cancelled by the Trustee as provided in the Indenture.

Procedures for Establishing the Terms of the Notes

- - - - -

The Company and the Agents will discuss from time to time the rates to be borne by the Notes that may be sold as a result of the solicitation of offers by the Agents. Once any Agent has recorded any indication of interest in Notes upon certain terms and communicated with the Company, if the Company accepts an offer to purchase Notes upon such terms, the Company will prepare a Pricing Supplement in the form previously approved by the Agents, reflecting the terms of such Notes and, after approval from the Presenting Agent, will arrange to have 10 copies of such Pricing Supplement (together with the Prospectus, if amended or supplemented) filed with the Commission and will supply an appropriate number of copies of the Prospectus, as then amended or supplemented, together with such Pricing Supplement, to the Presenting Agent. See "Delivery of Prospectus." No settlements with respect to Notes upon such terms may occur prior to such filing and the Presenting Agent will not, prior to such filing, mail confirmations to customers who have offered to purchase Notes upon such terms. After such filing, sales, mailing of confirmations and settlements may occur with respect to Notes upon such terms, subject to the provisions of "Delivery of Prospectus" below.

If the Company decides to post rates and a decision has been reached to change interest rates, the Company will promptly notify each Agent. Each Agent will forthwith suspend solicitation of purchasers. At that time, the Agents will recommend and the Company will establish rates to be so "posted." Following establishment of posted rates and prior to the filing described in the following sentence, the Agents may only record

indications of interest in purchasing Notes at the posted rates. Once any Agent has recorded any indication of interest in Notes at the posted rates and communicated with the Company, if the Company plans to accept an offer at the posted rate, the Company will prepare a Pricing Supplement reflecting such posted rates and, after approval from the Presenting Agent, will arrange to have 10 copies of such Pricing Settlement (together with the Prospectus if amended or supplemented) filed with the Commission and will supply an appropriate number of copies of the Prospectus, as then amended or supplemented, to the Presenting Agent. See "Delivery of Prospectus." No settlements at the posted rates may occur prior to such filing and the Presenting Agent will not, prior to such filing, mail confirmations to customers who have offered to purchase Notes at the posted rates. After such filing, sales, mailing of confirmations and settlements may resume, subject to the provisions of "Delivery of Prospectus" below.

Suspension of Solicitation; Amendment or Supplement

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In the event that at the time the Agents, at the direction of the Company, suspend solicitation of offers to purchase from the Company there shall be any orders outstanding which have not been settled, the Company will promptly advise the Agents and the Trustee whether such orders may be settled and whether copies of the Prospectus as theretofore amended and/or supplemented as in effect at the time of the suspension may be delivered in connection with the settlement of such orders. The Company will have the sole responsibility for such decision and for any arrangements which may be made in the event that the Company determines that such orders may not be settled or that copies of such Prospectus may not be so delivered.

Delivery of Prospectus

- - - - -

A copy of the Prospectus as most recently amended or supplemented on the date of delivery thereof, together with the applicable Pricing Supplement, must be delivered to a purchaser prior to or simultaneously with the earlier of the delivery of (i) the written confirmation of a sale sent to a purchaser or his agent and (ii) any Note purchased by such purchaser. The Company shall ensure that the Presenting Agent receives copies of the Prospectus and each amendment or supplement thereto (including the applicable Pricing Supplement) by 11:00 A.M. on the Business Day following the date of order in such quantities as will enable the Presenting Agent to deliver such confirmation to a purchaser as contemplated by these procedures and in compliance with the preceding sentence. Copies of Pricing Supplements should be delivered (a) in the case of Notes for which _____ is Presenting Agent, to _____, Attention: _____; and (b) in the case of Notes for which _____ is Presenting Agent to _____, Attention: _____. If, since the date of acceptance of a purchaser's offer, the Prospectus shall have been supplemented

solely to reflect any sale of Notes on terms different from those agreed to between the Company and such purchaser or a change in posted rates not applicable to such purchaser, such purchaser shall not receive the Prospectus as supplemented by such new supplement, but shall receive the Prospectus as supplemented to reflect the terms of the Notes being purchased by such purchaser and otherwise as most recently amended or supplemented on the date of delivery of the Prospectus. The Trustee will make all such deliveries with respect to all Notes sold directly by the Company.

Authenticity of Signatures

- -----

The Company will cause the Trustee to furnish the Agents from time to time with the specimen signatures of each of the Trustee's officers, employees and agents who have been authorized by the Trustee to authenticate Notes, but the Agents will have no obligation or liability to the Company or the Trustee in respect of the authenticity of the signature of any officer, employee or agent of the Company or the Trustee on any Note.

Advertising Costs

- -----

The Company will determine with the Agents the amount and nature of advertising that may be appropriate in offering the Notes. Advertising expenses incurred with the consent of the Company will be paid by the Company.

SPECIAL ADMINISTRATIVE PROCEDURES FOR BOOK-ENTRY NOTES

Each Note will be represented by either a Global Security delivered to the Trustee, as agent for the Depository Trust Company ("DTC"), and recorded in the book-entry system maintained by DTC (a "Book-Entry Note") or a certificate delivered to the Holder thereof or a Person designated by such Holder (a "Certificate Note"). An owner of a Book-Entry Note will not be entitled to receive a certificate representing such Note. In connection with the qualification of the Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Trustee will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under a Letter of Representations from the Company and the Trustee to DTC and a Medium-Term Note Certificate Agreement previously entered into between the Trustee and DTC, and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System ("SDFS"). Except as otherwise set forth in this Exhibit B, Book-Entry Notes will be issued in accordance with the administrative procedures set forth below.

Issuance

On any date of settlement (as defined under "Settlement" below) for one or more Fixed Rate Book-Entry Notes, the

Company will issue a single Global Security in fully registered form without coupons representing all of such Notes that have the same original issuance date, interest rate and Stated Maturity. Similarly, on any settlement date for one or more Floating Rate Book-Entry Notes, the Company will issue a single Global Security representing all of such Notes that have the same interest rate formula, Original Issuance Date, Interest Rate Basis, Initial Interest Rate, Interest Payment Dates, Index Maturity, Spread, Spread Multiplier, if any, minimum interest rate (if any), maximum interest rate (if any) and Stated Maturity. Each Global Security will be dated and issued as of the date of its authentication by the Trustee, as Trustee. Each Global Security will be dated and issued as of the date of its authentication by the Trustee, as Trustee. Each Global Security will have an interest accrual date (the "Interest Accrual Date"), which will be (i) with respect to an original Global Security (or any portion thereof), its Original Issuance Date and (ii) with respect to any Global Security (or portion thereof) issued subsequently upon exchange of a Global Security or in lieu of a destroyed, lost or stolen Global Security, the most recent Interest Payment Date to which interest has been paid or duly provided for on the predecessor Global Security or Securities (or if no such payment or provision has been made, the Original Issue Date of the predecessor Global Security), regardless of the date of authentication of such subsequently issued Global Security. No Global Security will represent (i) both a Fixed Rate and a Floating Rate Book-Entry Note or (ii) any Certificated Note.

Identification
Numbers:

The Company will arrange, on or prior to commencement of a program for the offering of Book-Entry Notes, with the CUSIP Service Bureau of Standard & Poor's Corporation (the "CUSIP Service Bureau") for the reservation of a series of CUSIP numbers (including tranche

numbers), consisting of approximately 900 CUSIP numbers and relating to Global Securities representing the Book-Entry Notes. The Trustee has or will obtain from

the CUSIP Service Bureau a written list of such series of reserved CUSIP numbers and will deliver to the Company and DTC such written list of 900 CUSIP numbers of such series. The Company will assign CUSIP numbers to Global Securities as described below under Settlement Procedure "B." DTC will notify the CUSIP Service Bureau periodically of the CUSIP numbers that the Company has assigned to Global Securities. The Trustee will notify the Company at any time when fewer than 100 of the reserved CUSIP numbers remain unassigned to Global Securities, and if it deems necessary, the Company will reserve additional CUSIP numbers for assignment to Global Securities representing Book-Entry Notes. Upon obtaining such additional CUSIP numbers the Trustee shall deliver such additional CUSIP numbers to the Company and DTC.

Registration:

Each Global Security will be registered in the name of Cede & Co., as nominee for DTC, on the Security Register maintained under the Indenture. The beneficial owner of a Book-Entry Note (or one or more indirect participants in DTC designated by such owner) will designate one or more participants in DTC (with respect to such Note, the "Participants") to act as agent or agents for such owner in connection with the book-entry system maintained by DTC, and DTC will record in book-entry form, in accordance with instructions provided by such Participants, a credit balance with respect to such Note in the account of such Participants. The ownership interest of such beneficial owner in such Note will be recorded through the records of such Participants or through the separate records of such Participants and one or more indirect participants in DTC.

Transfers:

Transfers of a Book-Entry Note will be accomplished by book entries made by DTC

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and, in turn, by Participants (and in certain cases, one or more indirect participants in DTC) acting on behalf of beneficial transferors and transferees of such Note.

Consolidation and Exchange:

The Trustee may deliver to DTC and the CUSIP Service Bureau at any time a written notice of consolidation specifying (i) the CUSIP numbers of two or more Outstanding Global Securities that represent (A) Fixed Rate Book-Entry Notes having the same Original Issue

Date, interest rate and Stated Maturity and with respect to which interest has been paid to the same date and (B) Floating Rate Book-Entry Notes having the same Interest Rate Basis, Original Issue Date, Initial Interest Rate, Interest Rate, Interest Payment Dates, Interest Payment Period, Index Maturity, Spread or Spread Multiplier, if any, minimum interest rate (if any), maximum interest rate (if any) and Stated Maturity and with respect to which interest has been paid to the same date, (ii) a date, occurring at least thirty days after such written notice is delivered and at least thirty days before the next Interest Payment Date for such Book-Entry Notes, on which such Global Securities shall be exchanged for a single replacement Global Security and (iii) a new CUSIP number, obtained from the Company, to be assigned to such replacement Global Security. Upon receipt of such a notice, DTC will send to its participants (including the Trustee) a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, the Trustee will deliver to the CUSIP Service Bureau a written notice setting forth such exchange date and the new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Securities to be exchanged will no longer be valid. On the specified exchange date, the Trustee will exchange such Global Securities for a single Global Security bearing the new CUSIP number and a new Interest Accrual Date,

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and the CUSIP numbers of the exchanged Global Securities will, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned.

Maturities:

Each Book-Entry Note will mature on a date not less than nine months and not more than thirty-five years after the settlement date for such Note. A Floating Rate Book-Entry Note will mature only on an Interest Payment Date for such Note.

Denominations:

Unless otherwise specified in the applicable Pricing Supplement, book-Entry Notes will be issued in principal amounts of \$100,000 or any amount in excess thereof that is an integral multiple of \$1,000.

Interest:

General. Interest on each Book-Entry Note will accrue

from the Interest Accrual Date of the Global Security

representing such Note. Each payment of interest on a Book-Entry Note will include interest accrued through the day preceding, as the case may be, the Interest Payment Date or Maturity; provided, however, that if the Interest Reset Dates with respect to any such Note are daily or weekly, interest payable on any Interest Payment Date, other than interest payable on any date on which principal for such Note is payable, will include interest accrued from but excluding the second preceding Regular Record Date to and including the next preceding Regular Record Date. Interest payable at the Maturity of a Book-Entry Note will be payable to the Person to whom the principal of such Note is payable. Standard & Poor's Corporation will use the information received in the pending deposit message described under Settlement Procedure "C" below in order to include the amount of any interest payable and certain other information regarding the related Global Security in the appropriate weekly bond report published by Standard & Poor's Corporation.

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On the first Business Day of January, April, July and October of each year, the Trustee will deliver to the Company and DTC a written list of Regular Record Dates and Interest Payment Dates that will occur with respect to Floating Rate Book-Entry Notes during the six-month period beginning on such first Business Day. Promptly after each Interest Determination Date (as referred to under "Settlement Procedures" below) for Floating Rate Notes, the Company will notify the Trustee, and the Trustee in turn will notify Standard & Poor's Corporation, of the interest rates determined on such Interest Determination Date.

Payments of Principal
and Interest:

Payments of Interest Only. Promptly after each Regular

Record Date, the Trustee will deliver to the Company and DTC a written notice specifying by CUSIP number the amount of interest to be paid on each Global Security on the following Interest Payment Date (other than an Interest Payment Date coinciding with Maturity) and the total of such amounts. DTC will confirm the amount payable on each Global Security on such Interest Payment Date by reference to the daily bond reports published by Standard & Poor's Corporation. The Company will pay to the Trustee, as paying agent, the total amount of interest due on such Interest Payment Date (other than at Maturity), and the Trustee will pay

such amount to DTC at the times and in the manner set forth below under "Manner of Payment."

Payment at Maturity. On or about the first Business

Day of each month, the Trustee will deliver to the Company, DTC and each of the paying agents a written list of principal and interest to be paid on each Global Security maturing in the following month. The Company, each of the paying agents and DTC will confirm the amounts of such principal and interest payments with respect to each such Global Security on or about the fifth Business Day preceding the Maturity of such Global Security. The Company will pay to the Trustee, as

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paying agent, the principal amount of such Global Security, together with interest due at such Maturity. The Trustee will pay such amount to DTC at the times and in the manner set forth below under "Manner of Payment."

Promptly after payment to DTC of the principal and interest due at the Maturity of such Global Security, the Trustee will cancel such Global Security and deliver it to the Company with an appropriate debit advice. On the first Business Date of each month, the Trustee will prepare a written statement indicating the total principal amount of Outstanding Global Securities for which it serves as trustee as of the immediately preceding Business Day.

Manner of Payment. The total amount of any principal

and interest due on Global Securities on any Interest Payment Date or at Maturity shall be paid by the Company to the Trustee in funds available for use by the Trustee as of 9:30 A.M. (New York City time) on such date. The Company will make such payment on such Global Securities by instructing the Trustee to withdraw funds from an account maintained by the Company at the Trustee. The Company will confirm such instructions in writing to the Trustee, with a copy to each other paying agent. For Maturity, redemption or any other principal payments: prior to 10 A.M. (New York City time) on such date or as soon as possible thereafter, the Trustee will make such payments to DTC in same day funds in accordance with DTC's Same Day Funds Settlement Paying Agent Operating Procedures.

For interest payments: the Trustee will make such payments to DTC in accordance with existing arrangements between DTC and the Trustee. DTC will allocate such payments to its participants in accordance with its existing operating procedures. Neither the Company (either as issuer or as paying agent) nor the Trustee shall have any direct responsibility or liability for the payment by DTC to such

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Participants of the principal of and interest on the Book-Entry Notes.

The amount of any taxes required under applicable law to be withheld from any interest payment on a Book-Entry Note will be determined and withheld by the Participant, indirect participant in DTC or other Person responsible for forwarding payments and materials directly to the beneficial owner of such Note.

Settlement Procedures: Settlement Procedures with regard to each Book-Entry Note sold by the Company through an Agent, as agent, shall be as follows:

- A. The Presenting Agent will advise the Company by telephone (confirmed in writing or telex or facsimile), of the following settlement information:
1. Exact name in which Note is to be registered ("Registered Owner").
 2. Exact address of the Registered Owner and address for payments of principal and interest, if any.
 3. Taxpayer identification number of the Registered Owner.
 4. Principal amount of the Note (and, if multiple Notes are to be issued, denominations thereof).
 5. Settlement Date.
 6. Stated Maturity.
 7. Issue Price and any OID information.

8. Trade date.
9. The DTC Participant account number of such Agent.
10. Interest rate:

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(a) Fixed Rate Notes:

- i) interest rate
- ii) overdue rate, if any

(b) Floating Rate Notes:

- i) interest rate basis
- ii) initial interest rate
- iii) spread or spread multiplier, if any
- iv) interest rate reset periods
- v) interest payment dates
- vi) index maturity
- vii) maximum and minimum interest rates, if any
- viii) record dates
- ix) interest determination dates
- x) overdue rate, if any

11. The date on or after which the Notes are redeemable at the option of the Company, and additional redemption or repurchase provisions, if any.

12. Wire transfer information.

13. Presenting Agent's commission (to be paid in the form of a discount from the proceeds remitted to the Company upon Settlement).

B. The Company will assign a CUSIP number to the Global Security representing such Note and then advise the Trustee by telephone (confirmed in writing at any time on the same date) or electronic transmission of the information set forth in Settlement Procedure "A" above, such CUSIP number and the name of such Agent.

C. The Trustee will enter a pending deposit message through DTC's Participant Terminal System,

providing the following settlement

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information to DTC, the Presenting Agent, Standard & Poor's Corporation and, upon request, the Trustee:

1. The information set forth in Settlement Procedure "A."
 2. Identification as a Fixed Rate Book-Entry Note or a Floating Rate Book-Entry Note.
 3. Initial Interest Payment Date for such Note, number of days by which such date succeeds the related "DTC Regular Record Date" (which term means the Regular Record Date except in the case of Floating Rate Notes which reset daily or weekly in which case it means the date 5 calendar days immediately preceding the Interest Payment Date) and amount of interest payable on such Interest Payment Date.
 4. Frequency of interest payments (monthly, semiannually, quarterly, etc.).
 5. CUSIP number of the Global Security representing such Note.
 6. Whether such Global Security will represent any other Book-Entry Note (to the extent known at such time).
- D. The Trustee, as Trustee, will complete and authenticate the certificate evidencing the Global Security representing such Book-Entry Note.
- E. DTC will credit such Note to the Trustee's participant account at DTC.
- F. The Trustee will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC to (i) debit such

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Note to the Trustee's participant account and credit such Note to the Presenting Agent's

participant account and (ii) debit the Presenting Agent's settlement account and credit the Trustee's settlement account for an amount equal to the price of such Note less the Presenting Agent's commission.

- G. The Presenting Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Note to the Presenting Agent's participant account and credit such Note to the participant accounts of the Participants with respect to such Note and (ii) to debit the settlement accounts of such Participants and credit the settlement account of the Presenting Agent for an amount equal to the price of such Note.
- H. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures "F" and "G" will be settled in accordance with SDFS operating procedures in effect on the settlement date.
- I. The Trustee will credit to an account of the Company maintained at the Trustee funds available for immediate use in the amount transferred to the Trustee in accordance with Settlement Procedure "F."
- J. The Presenting Agent will deliver to the purchaser a copy of the most recent Prospectus applicable to the Note with or prior to any written offer of Notes and the confirmation and payment by the purchaser of the Note.

The Presenting Agent will confirm the purchase of such Note to the purchaser either by transmitting to the Participants with respect to such Note a confirmation order or

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orders through DTC's institutional delivery system or by mailing a written confirmation to such purchaser.

Settlement Procedures
Timetable:

For orders of Book-Entry Notes solicited by an Agent, as agent, and accepted by the Company for settlement, Settlement Procedures "A" through "J" set forth above shall be completed as soon as possible but not later

than the respective times (New York City time) set forth below:

<TABLE>
<CAPTION>

Settlement Procedure -----	Time ----
<S>	<C>
A-B	11:00 A.M. on the sale date
C	2:00 P.M. on the sale date
D	3:00 P.M. on the day before settlement date
E	10:00 A.M. on settlement date
F-G	2:00 P.M. on settlement date
H	4:45 P.M. on settlement date
I-J	5:00 P.M. on settlement date

</TABLE>

If a sale is to be settled more than one Business Day after the sale date, Settlement Procedures "A," "B" and "C" shall be completed as soon as practicable but no later than 11:00 A.M. and 2:00 P.M., as the case may be, on the first Business Day after the sale date. If the initial interest rate for a Floating Rate Book-Entry Note has not been determined at the time that Settlement Procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rate has been determined but no later than 11:00 A.M. and 12:00 Noon, respectively, on the second Business Day before the settlement date. Settlement Procedure "I" is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the settlement date.

If settlement of a Book-Entry Note is rescheduled or canceled, the Trustee will deliver to DTC, through DTC's

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Participant Terminal System, a cancellation message to such effect by no later than 2:00 P.M. on the Business Day immediately preceding the scheduled settlement date.

Failure to Settle:

If the Trustee fails to enter an SDFS deliver order with respect to a Book-Entry Note pursuant to

Settlement Procedure "F," the Trustee may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable, a withdrawal message instructing DTC to debit such Note to the Trustee's participant account. DTC will process the withdrawal message, provided that the Trustee's participant account contains a principal amount of the Global Security representing such Note that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Book-Entry Notes represented by a Global Security, the Trustee will mark such Global Security "canceled," make appropriate entries in the Trustee's records and send such canceled Global Security to the Company. The CUSIP number assigned to such Global Security shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Book-Entry Notes represented by a Global Security, the Trustee will exchange such Global Security for two Global Securities, one of which shall represent such Book-Entry Note or Notes and shall be canceled immediately after issuance and the other of which shall represent the other Book-Entry Notes previously represented by the surrendered Global Security and shall bear the CUSIP number of the surrendered Global Security.

If the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Note by the beneficial purchaser thereof (or a Person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the Agent for such Note may

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enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures "F" and "G," respectively. Thereafter, the Trustee will deliver the withdrawal message and take the related actions described in the preceding paragraph.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Notes to have been represented by a Global Security, the Trustee will provide, in

accordance with Settlement Procedure "D," for the authentication and issuance of a Global Security representing the other Book-Entry Notes to have been represented by such Global Security and will make appropriate entries in its records.

PURCHASE AGREEMENT

Madison Gas and Electric Company _____, 19__
133 South Blair Street
Madison, Wisconsin 53703

Attention: Vice President-Finance

The undersigned agrees to purchase the following principal amount of the Notes described in the Agency Agreement dated _____, 1994 (as it may be supplemented or amended from time to time, the "Agency Agreement"):

Principal Amount: \$ _____
Interest Rate: _____ %
Discount: _____ % of Principal Amount
Aggregate Price to be paid to the Company (in immediately available funds): \$ _____
Settlement Date: _____
Other Terms: _____

Our obligation to purchase Notes hereunder is subject to the continued accuracy of your representations and warranties contained in the Agency Agreement and to your performance and observance of all applicable covenants and agreements contained therein, including, without limitation, your obligations pursuant to Section 7 thereof. Our obligation hereunder is subject to the further condition that we shall receive, in each case dated as of the above Settlement Date (a) the opinion required to be delivered pursuant to Section 5(f) of the Agency Agreement, (b) the certificates required to be delivered pursuant to Sections 5(h) and 6(e) of the Agency Agreement, (c) the letter referred to in Section 5(i) and (d) [insert other conditions as appropriate].

In further consideration of our agreement hereunder, you agree that between the date hereof and the above Settlement Date, you will not offer or sell, or enter into any agreement to sell, any debt securities of the Company, [other than borrowings under a revolving credit agreement or line of credit, the

private placement of securities and issuances of commercial paper].

We may terminate this Agreement, immediately upon notice to you, at any time prior to the Settlement Date, if prior thereto there shall have occurred: (i) any change, or any development involving a prospective change, in or affecting primarily the business, properties, condition (financial or other), results of operations or prospects of the Company or the

Company and its Subsidiaries taken as a whole which materially impairs the investment quality of the Notes; (ii) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the establishment of minimum prices on such exchange; (iii) a general moratorium on commercial banking activities declared by Federal or New York State authorities; (iv) any downgrading in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (v) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national calamity or emergency; or (vi) any material adverse change in the existing financial, political or economic conditions in the United States, or you are unable to provide any of the opinions, certificates or letters referred to in the second preceding paragraph. In the event of such termination, no party shall have any liability to the other party hereto, except as provided in Sections 4, 7 and 13 of the Agency Agreement.

This Agreement shall be governed by and construed in accordance with the laws of the State of _____.

[Insert name of Agent[s]]

By _____
[Title]

Accepted: _____, 19__

MADISON GAS AND ELECTRIC COMPANY

By _____
[Title]

MADISON GAS AND ELECTRIC COMPANY

___% First Mortgage Bonds,
20__ Series

Underwriting Agreement

_____, 199__

[Representative[s]]

[Address[es]]

Dear Sirs:

Madison Gas and Electric Company, a Wisconsin corporation (the "Company"), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the "Underwriters") \$_____ aggregate principal amount of the Company's ___% first mortgage bonds, 20__ series (the "Bonds"). The Bonds will be issued under and secured as provided by the Company's Indenture of Mortgage and Deed of Trust dated as of January 1, 1946 under which Firststar Trust Company (formerly known as First Wisconsin Trust Company) is the trustee (the "First Mortgage Trustee"), as amended or supplemented by the _____ supplemental indentures thereto and as to be further amended and supplemented by the _____ Supplemental Indenture (the "First Mortgage Supplemental Indenture") in the form delivered to you herewith (such Indenture as so amended and supplemented is herein referred to as the "First Mortgage Indenture" and the First Mortgage Indenture and the Bonds are herein referred to collectively as the "Mortgage Documents").

This is to confirm the agreement concerning the purchase of the Bonds from the Company by the Underwriters.

1. Representations and Warranties. The Company represents and warrants

to, and agrees with, each Underwriter that:

(a) A registration statement on Form S-3 (File No. 33-_____) with respect to the Bonds has been prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder, has been filed with the Commission under the Securities Act and has been declared effective thereunder.

Copies of such registration statement as amended to date have been delivered by the Company

to you as the representative[s] (the "Representative(s)") of the Underwriters. The First Mortgage Indenture has been qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and conforms to the requirements thereof and the rules and regulations of the Commission thereunder. For purposes of this Agreement, "Effective Time" means the date and the time as of which such registration statement was declared effective by the Commission; "Effective Date" means the date of the Effective Time; "Registration Statement" means such registration statement, amended at the Effective Time, including any documents incorporated by reference therein; "Prospectus" means the prospectus included in the Registration Statement with any changes thereto made by the Company with the consent of the Representative[s]; and "Prospectus as amended and supplemented" means the Prospectus as amended and supplemented with respect to the Bonds in the form in which it is first filed, or transmitted for filing, with the Commission pursuant to Rule 424 under the Securities Act. Reference made herein to the Prospectus shall be deemed to refer to and include any documents incorporated by reference therein as of the date of such Prospectus; and any reference to any amendment or supplement to the Prospectus shall be deemed to refer to and include any document filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of such Prospectus, and incorporated by reference therein. The Commission has not issued any order preventing or suspending the use of the Prospectus.

(b) The Registration Statement contains, and any post-effective amendment to the Registration Statement filed with the Commission after the Effective Time, the Prospectus and the Prospectus as amended and supplemented will contain, all statements which are required by the Securities Act, the Exchange Act, the Trust Indenture Act and the rules and regulations of the Commission under such Acts; and at the time of filing thereof, the Registration Statement did not, and any post-effective amendment to the Registration Statement filed with the Commission after the Effective Time, the Prospectus and the Prospectus as amended and supplemented will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; provided that the Company makes no representation or warranty as to information contained in or omitted from the Registration Statement or the Prospectus in reliance upon, and in conformity with, written information furnished to the Company by you, or by any Underwriter through you, specifically for inclusion therein. There is no contract or document required to be described in the Registration Statement or the Prospectus or

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to be filed as an exhibit to the Registration Statement which is not described or filed as required.

(c) The documents which are incorporated by reference in the Prospectus or from which information is so incorporated by reference, when they became

effective or were filed with the Commission, as the case may be, complied in all material respects with the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations under such Acts; and any documents so filed and incorporated by reference subsequent to the Effective Date shall, when they are filed with the Commission, conform in all material respects to the requirements of the Securities Act and the Exchange Act, as applicable, and the rules and regulations under such Acts.

(d) Coopers & Lybrand, whose report is incorporated by reference in the Prospectus, are independent certified public accountants with respect to the Company as required by the Securities Act and the Rules and Regulations. The financial statements and schedules (including the related notes and supporting schedules) included or incorporated by reference in the Registration Statement or the Prospectus present fairly the financial condition, results of operations and changes in financial condition of the entities purported to be shown thereby at the dates and for the periods indicated and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout such periods indicated except as noted therein.

(e) Each of the Company and its Subsidiaries (as defined in Section 13 hereof) has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its organization, with full power and authority to own or lease its properties and conduct its business as described in the Prospectus and is duly qualified to do business and is in good standing in each jurisdiction in which the character of the business conducted by it or the location of the properties owned or leased by it make such qualification necessary. The Company has full power and authority to execute and deliver and perform its obligations under this Agreement and each of the Mortgage Documents.

(f) The First Mortgage Supplemental Indenture has been duly authorized and, upon execution and delivery thereof by the First Mortgage Trustee and the Company, will constitute the valid and legally binding obligation of the Company enforceable in accordance with its terms (excepts as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and

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other laws relating to or affecting creditors' rights generally and by general equity principles). The Bonds have been duly authorized and, upon issuance and delivery thereof and payment therefor in the manner herein described, will be duly authorized, validly issued and outstanding, and will constitute valid and legally binding obligations of the Company, secured by and entitled to the benefits of the First Mortgage. The Mortgage Documents conform to the descriptions thereof contained in the Prospectus as amended and supplemented.

(g) Except as described in or contemplated by the Registration Statement and the Prospectus, there has not been any material adverse change in, or adverse development which materially affects, the condition (financial or other), results of operation, business or prospects, of the Company (or of the

Company and its Subsidiaries taken as a whole) from the date as of which information is given in the Prospectus.

(h) Neither the Company nor any of its Subsidiaries is, or with the giving of notice or lapse of time or both would be, in violation of or in default under, nor will the execution or delivery hereof or consummation of the transactions contemplated hereby result in a violation of, or constitute a default under, the Restated Articles of Incorporation, by-laws or other governing documents of the Company or any of its Subsidiaries, or any agreement, indenture or other instrument to which the Company or any of its Subsidiaries is a party or by which any of them is bound, or to which any of their properties is subject, nor will the performance by the Company of its obligations hereunder violate any law, rule, administrative regulation or decree of any court, or any governmental agency or body having jurisdiction over the Company, its Subsidiaries or any of their respective properties, or result in the creation or imposition of any lien, charge, claim or encumbrance upon any property or asset of the Company or any of its Subsidiaries other than pursuant to the First Mortgage. The Wisconsin Public Service Commission (the "Wisconsin Commission") has entered its order dated _____, 1994 (hereinafter referred to as the "Order") permitting the issuance and delivery of the Bonds and the execution, delivery and performance of the First Mortgage Supplemental Indenture by the Company; and the Order is in full force and effect and has not been modified or repealed in any respect. Except for permits and similar authorizations required under the Securities Act and the securities or "Blue Sky" laws of certain jurisdictions and except for the Order and such other permits and authorization as have been obtained, no consent, approval, authorization or order of any court, governmental agency or body or financial institution is required in connection with the consummation of

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the transactions contemplated by this Agreement or the Mortgage Documents.

(i) This Agreement has been duly authorized, executed and delivered by the Company.

(j) The Company and each of its Subsidiaries owns, or has valid rights to use, all items of real and personal property which are material to the business of the Company (or of the Company and its Subsidiaries taken as a whole), free and clear of all liens, encumbrances and claims which may materially interfere with the business, properties, financial condition or results of operations of the Company (or of the Company and its Subsidiaries taken as a whole).

(k) There is no litigation or proceeding pending, or to the knowledge of the Company threatened, which challenges the validity or enforceability of the Order, the First Mortgage Indenture, the First Mortgage Supplemental Indenture or the Bonds or which seeks to enjoin the performance by the Company of its obligations thereunder or hereunder, and there is no litigation or governmental proceeding to which the Company or any of its Subsidiaries is a party or to which any property of the Company or any of its Subsidiaries is subject or which

is pending or, to the knowledge of the Company, contemplated against the Company or any of its Subsidiaries which might result in any material adverse change in the condition (financial or other), results of operations, business or prospects of the Company (or of the Company and its Subsidiaries taken as a whole) or which is required to be disclosed in the Prospectus.

(l) Neither the Company nor any Subsidiary is in violation of any law, ordinance, governmental rule or regulation or court decree to which it may be subject, which violation might have a material adverse effect on the condition (financial or other), results of operations, business or prospects of the Company (or of the Company and its Subsidiaries taken as a whole).

(m) The conditions for use of Form S-3, as set forth in the general instructions thereto, have been satisfied.

(n) The First Mortgage Indenture constitutes a valid perfected and directly enforceable first mortgage lien on all of the properties, rights and assets of the Company except certain properties not used or useful in the public utility business of the Company or otherwise excluded from the lien of the First Mortgage Indenture by the terms thereof.

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2. Purchase of the Bonds by the Underwriters. Subject to the terms and -----
conditions and upon the basis of the representations and warranties herein set forth, the Company agrees to issue and sell to the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase at a price of _____% of the principal amount thereof (plus accrued interest, if any, to the date of delivery thereof), the principal amount of Bonds set forth opposite such Underwriter's name in Schedule I hereto. The Underwriters agree to offer such Bonds to the public as set forth in the Prospectus.

3. Delivery of and Payment for Bonds. Delivery of the Bonds shall be made -----
at the offices of _____, New York, New York (or such other place as mutually may be agreed upon), at 10:00 A.M., New York City time, on the fifth full Business Day (as defined in Section 13 hereof) following the date of this Agreement, or on such later date as shall be determined by you and the Company (the "Closing Date").

Delivery of the Bonds shall be made by or on behalf of the Company to you, for the respective accounts of the Underwriters, against payment of the purchase price therefor by certified or official bank check payable in New York Clearing House funds to the order of the Company. The Bonds shall be registered in such names and denominations as you shall have requested at least two full Business Days prior to the Closing Date, and shall be made available for checking and packaging in New York, New York or such other location as may be designated by you at least one full Business Day prior to the Closing Date.

If you and the Company so agree, the Bonds shall be in the form of a global certificate or certificates prepared and delivered in accordance with the applicable rules and procedures of The Depository Trust Company or other depository therefor.

4. Covenants. The Company covenants and agrees with each Underwriter

that:

(a) The Company shall notify you promptly of any request by the Commission for any amendment of or supplement to the Registration Statement or the Prospectus or for additional information; the Company shall prepare and file with the Commission, promptly upon your request, any amendments or supplements to the Registration Statement or the Prospectus which, in your opinion, may hereafter become necessary or advisable in connection with the distribution of the Bonds; the Company shall file with the Commission in accordance with Rule 424 under the Act the Prospectus as amended and supplemented in

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the form furnished to the Representative(s] concurrently with the execution and delivery of this Agreement; and the Company shall not file any amendment or supplement to the Registration Statement or other amendment or supplement to the Prospectus, or file any document under the Exchange Act before the termination of the offering of the Bonds by the Underwriters if such document would be deemed to be incorporated by reference into the Prospectus, unless such filing is consented to by you after reasonable notice thereof, such consent not to be unreasonably withheld or delayed. The Company shall advise you promptly of the issuance by the Commission or any State or other regulatory body of any stop order or other order suspending the effectiveness of the Registration Statement, suspending or preventing the use of the Prospectus or suspending the qualification of the Bonds for offering or sale in any jurisdiction, or of the institution of any proceedings for any such purpose; and the Company shall use its best efforts to prevent the issuance of any stop order or other such order and, should a stop order or other such order be issued, to obtain as soon as possible the lifting thereof.

(b) The Company shall furnish to each of the Representative[s] and to counsel for the Underwriters a signed copy of the Registration Statement as originally filed and each amendment thereto filed with the Commission, including all consents and exhibits filed herewith, and shall furnish to the Underwriters such number of conformed copies of the Registration Statement, as originally filed and each amendment thereto (excluding exhibits other than this Agreement), the Prospectus and all amendments and supplements to any of such documents (including any document filed under the Exchange Act and deemed to be incorporated by reference into the Prospectus), in each case as soon as available and in such quantities as the Representative[s] may from time to time reasonably request.

(c) Within the time during which the Prospectus relating to the Bonds is

required to be delivered under the Securities Act, the Company shall comply with all requirements imposed upon it by the Securities Act, as now and hereafter amended, and by the Rules and Regulations, as from time to time in force, so far as is necessary to permit the continuance of sales of or dealings in the Bonds as contemplated by the provisions hereof and by the Prospectus. If during such period any event occurs as a result of which the Prospectus as then amended and supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend the Registration

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Statement, to amend or supplement the Prospectus to comply with the Securities Act or to file any document with the Commission, the Company shall promptly notify you and shall amend the Registration Statement or amend or supplement the Prospectus or file such document (at the expense of the Company) so as to correct such statement or omission or to effect such compliance.

(d) The Company shall take or cause to be taken all necessary action and furnish to whomever you may direct such information as may be required in qualifying the Bonds for sale under the laws of such jurisdictions as you shall designate, and continue such qualifications in effect for as long as may be necessary for the distribution of the Bonds; except that in no event shall the Company be obligated in connection therewith to qualify as a foreign corporation, or to execute a general consent to service of process.

(e) The Company shall make generally available to its security holders (and shall deliver to the Representative[s]), in the manner contemplated by Rule 158(b) under the Securities Act or otherwise, as soon as practicable but in any event not later than 45 days after the end of its fiscal quarter in which the first anniversary date of the Effective Date occurs, an earning statement satisfying the requirements of Section 11(a) of the Securities Act and covering a period of at least 12 consecutive months beginning after the Effective Date.

(f) During the period beginning on the date of this Agreement and continuing until the distribution of the Bonds has been completed (as notified by the Representative[s] to the Company), the Company shall not offer, sell, contract to sell or otherwise dispose of any debt securities of the Company (other than the Bonds) which mature more than one year after the Closing Date without the prior written consent of the Representative[s].

(g) The Company shall apply the net proceeds of the sale of the Bonds as set forth in the Prospectus. The Company shall take such steps as shall be necessary to ensure that neither the Company nor any Subsidiary shall become an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder, or a "holding company" or "subsidiary company" of a "holding company," or an "affiliate" of a "holding company," or a "public utility," within the respective meanings of such terms under the Public Utility Holding

Company Act of 1935, as amended, and the rules and regulations of the Commission thereunder.

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(h) Whether or not this Agreement becomes effective or is terminated or the sale of the Bonds to the Underwriters is consummated, the Company shall pay or cause to be paid (A) all expenses incurred in connection with the delivery to the several Underwriters of the Bonds, (B) all fees and expenses (including, without limitation, fees and expenses of the Company's accountants and counsel, but excluding fees and expenses of counsel for the Underwriters) in connection with the preparation, printing, filing, delivery and shipping of the Registration Statement (including the financial statements therein and all amendments and exhibits thereto), the Prospectus and any amendments or supplements of the foregoing and any documents incorporated by reference into any of the foregoing and the printing, delivery and shipping of this Agreement and other underwriting documents, including, but not limited to, Underwriters' Questionnaires, Underwriters' Powers of Attorney, Blue Sky Memoranda, Legal Investment Surveys, Agreements Among Underwriters and Selected Dealer Agreements, (C) all filing fees and fees and disbursements of counsel to the Underwriters incurred in connection with the qualification of the Bonds under state securities laws as provided in Section 4(d) hereof, (D) any filing incident to any required review of the National Association of Securities Dealers, Inc. of the terms of the sale of the Bonds, (E) any applicable listing or other fees, (F) the cost of printing the Bonds, (G) the cost and charges of any paying agent or registrar for the Bonds, (H) the fees and expenses of the First Mortgage Trustee, including the fees and disbursements of counsel for the First Mortgage Trustee in connection with the First Mortgage, the First Mortgage Supplemental Indenture and the Bonds, (I) any fees and expenses in connection with any rating or proposed rating of the Bonds and (i) all other costs and expenses incident to the performance of its obligations hereunder for which provision is not otherwise made in this Section. It is understood, however, that, except as provided in this Section, Section 6 and Section 8 hereof, the Underwriters shall pay all of their own costs and expenses, including the fees and expenses of their counsel, transfer taxes due upon resale of any of the Bonds by them and any advertising expenses incurred in connection with any offers they may make. If the sale of the Bonds provided for herein is not consummated by reason of acts of the Company pursuant to Section 8 hereof which prevent this Agreement from becoming effective, or by reason of any failure, refusal or inability on the part of the Company to perform any agreement on its part to be performed or because any other condition of the Underwriters' obligations hereunder is not fulfilled or if the Underwriters shall decline to purchase the Bonds for any reason permitted under this Agreement, the Company shall reimburse the several Underwriters

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for all reasonable out-of-pocket disbursements (including fees and expenses of counsel) incurred by the Underwriters in connection with any investigation or preparation made by them in respect of the marketing of the Bonds or in

contemplation of the performance by them of their obligations hereunder.

5. Conditions of Underwriters' Obligations. The obligations of the

several Underwriters hereunder are subject to the accuracy, as of the date hereof and the Closing Date (as if made at the Closing Date), of the representations and warranties of the Company contained herein, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) The Prospectus as amended and supplemented shall have been filed with the Commission in a timely fashion in accordance with Section 4(a) herein, all post-effective amendments to the Registration Statement shall have become effective, all filings required by the Securities Act, the Exchange Act, the Trust Indenture Act and the rules and regulations under such Acts shall have been made and no such filings shall have made without the consent of the Representative[s]; no stop order suspending the effectiveness of the Registration Statement or any amendment or supplement thereto shall have been issued; no proceedings for the issuance of any such order shall have been initiated or threatened; any request of the Commission for additional information (to be included in the Registration Statement or the Prospectus or otherwise) shall have been disclosed to you and complied with to your satisfaction; and the Order shall be in full force and effect.

(b) No Underwriter shall have been advised by the Company or shall have discovered and disclosed to the Company that the Registration Statement or the Prospectus or any amendment or supplement thereto, contains an untrue statement of fact which in your opinion, or in the opinion of counsel to the Underwriters, is material, or omits to state a fact which, in your opinion, or in the opinion of counsel to the Underwriters, is material and is required to be stated therein or is necessary to make the statement not misleading.

(c) On or prior to the Closing Date, you shall have received from _____, counsel for the Underwriters, such opinion or opinions with respect to corporate proceedings by the Company, the form of Registration Statement and Prospectus (other than financial statements and other financial data), the validity of the Bonds, and other related matters as you may reasonably request and such counsel shall have received such

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documents and information as they request to enable them to pass upon such matters. In rendering such opinion, such counsel shall be entitled to rely on the opinion delivered pursuant to Section 5(d) as to all matters governed by the laws of the State of Wisconsin.

(d) The Representatives shall have received an opinion, dated the Closing Date, of Michael, Best & Friedrich, counsel for the Company, substantially to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation under the laws of the State of Wisconsin, with corporate authority to own and operate its properties, and valid franchises, licenses and permits adequate for the conduct of its business, as described in the Prospectus;

(ii) The Bonds are in due and proper form; the issuance and sale of the Bonds by the Company in accordance with the terms of this Agreement have been duly authorized by the necessary corporate action; the Bonds, when duly executed and authenticated in accordance with the provisions of the First Mortgage Indenture and delivered to and paid for by the Underwriters pursuant to this Agreement, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general applicability relating to or affecting the enforcement of creditors' rights or by general principles of equity; and the Bonds are entitled to the benefits provided by the First Mortgage Indenture;

(iii) Neither the issuance and sale of the Bonds nor the consummation of any of the other transactions herein contemplated will result in a breach of violation of any of the terms and provisions of, or constitute a default under, the Company's Articles of Incorporation or By-laws, as restated or amended, or any material agreement, indenture or instrument known to such counsel to which the Company is a party or by which any of its property may be bound, or any material order known to such counsel of any court or administrative agency which has been entered in any proceedings in which the Company is now a party;

(iv) The First Mortgage Indenture has been duly and validly authorized by the necessary corporate action, has

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been duly executed and delivered and constitutes a valid and legally binding instrument enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general applicability relating to or affecting the enforcement of mortgagees' and other creditors' rights or by general principles of equity; and the Bonds and the First Mortgage Indenture conform as to legal matters in all material respects with the statements concerning them made in the Prospectus;

(v) The First Mortgage Indenture constitutes a valid, direct first mortgage lien for the benefit of all bonds issued thereunder, including the Bonds, subject to such permissible encumbrances as are defined therein, upon substantially all the permanent fixed properties of the Company (with the exception of such properties as are expressly excepted and excluded from such lien) now owned or hereafter acquired by the Company;

(vi) The First Mortgage Indenture has been qualified under the Trust Indenture Act;

(vii) The order of the Wisconsin Commission authorizing the issuance and sale of the Bonds has been duly entered and, to the best knowledge of such counsel, is still in force and effect; and no further approval, authorization, consent, certificate or order of any state or federal commission or regulatory authority is necessary with respect to the execution and delivery of the First Mortgage Supplemental Indenture or the issuance and sale of the Bonds, except that the offering and sale of the Bonds in certain jurisdictions may be subject to the securities or "blue sky" laws thereof, as to which such counsel need express no opinion;

(viii) The Registration Statement has become effective under the Act; to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for such purpose have been instituted or threatened under Section 8 of the Act; the Registration Statement, at the Effective Date, and the Prospectus, at the date it was filed with, or transmitted for filing to, the Commission pursuant to Rule 424(b) (other than the financial statements and other financial and statistical information contained or incorporated by reference in the Registration Statement and the Prospectus, as to which such counsel need express no

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opinion), complied as to form in all material respects with the applicable requirements of the Act and the Trust Indenture Act and the applicable instructions, rules and regulations of the Commission thereunder; and the documents or portions thereof filed with the Commission pursuant to the Exchange Act and deemed to be incorporated by reference in the Registration Statement and the Prospectus (other than the financial statements and other financial and statistical information contained therein, as to which such counsel need express no opinion), at the time they were filed with the Commission, complied as to form in all material respects with the applicable requirements of the Exchange Act and the applicable instructions, rules and regulations of the Commission thereunder;

(ix) Except as expressly stated in such counsel's opinion pursuant to the requirements of this Section 5(d), but otherwise without any independent check or verification, such counsel has no reason to believe that the Registration Statement, at the Effective Date (other than the financial statements and other financial and statistical information contained therein, as to which such counsel need express no opinion), contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, at the date it was filed with, or transmitted for filing to, the Commission pursuant to Rule 424(b) or at the date of such opinion (other than the financial statements and other financial and statistical information contained

therein, as to which such counsel need express no opinion) included any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(x) To the best knowledge or such counsel, there is no default under any material indenture, mortgage, deed of trust, lease or other material agreement or instrument to which the Company is a party or by which the Company, or any of its property, is bound arising from the consummation of the transactions contemplated by, and the fulfillment of the terms of, this Agreement or arising from compliance by the Company with all the terms and provisions of the First Mortgage Indenture;

(xi) Except as described in the Prospectus, there is, to the best knowledge of such counsel, no action, suit,

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proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel, threatened against or affecting the Company wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement or the validity or enforceability against the Company of this Agreement, the First Mortgage Indenture or the Bonds; and

(xii) This Agreement has been duly authorized, executed and delivered by the Company.

The Underwriters shall also be entitled to rely upon the opinions of such counsel delivered to the First Mortgage Trustee in connection with the issuance and authentication of the Bonds.

(e) There shall have been furnished to you a certificate, dated the Closing Date and addressed to you, signed by the President and a Vice President of the Company, to the effect that: (i) the representations and warranties of the Company contained in this Agreement are true and correct, as if made at and as of the Closing Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be complied with or satisfied at or prior to the Closing Date; (ii) no stop order suspending the effectiveness of the Registration Statement has been issued, and no proceeding for that purpose has been initiated or threatened; (iii) all filings required by Rule 424 of the Rules and Regulations have been made; (iv) the signers of said certificate have carefully examined the Registration Statement and the Prospectus, and any amendments or supplements thereto (including any documents filed under the Exchange Act and deemed to be incorporated by reference into the Prospectus), and such documents contain all statements and information required to be included therein, and do not include any untrue statement of a material fact or

omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and (v) since the Effective Date there has occurred no event required to be set forth in an amendment or supplement to the Registration Statement or the Prospectus which has not been so set forth; and there has been no document required to be filed under the Exchange Act and the Rules and Regulations that upon such filing would be deemed to be incorporated by reference into the Prospectus that has not been so filed.

(f) Since the Effective Date, neither the Company nor any of its Subsidiaries shall have sustained any loss by fire, flood,

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accident or other calamity, or shall have become a party to or the subject of any litigation, which is materially adverse to the Company (or to the Company and its Subsidiaries taken as a whole), nor shall there have been a material adverse change in the general affairs, operations, business, prospects, key personnel, capitalization, financial condition or net worth of the Company (or of the Company and its Subsidiaries taken as a whole), whether or not arising in the ordinary course of business, which loss, litigation or change, in your judgment, shall render it impractical or inadvisable to proceed with the payment for and delivery of the Bonds.

(g) On the Closing Date you shall have received a letter of Coopers & Lybrand, dated the Closing Date and addressed to you, confirming that they are independent certified public accountants with respect to the Company and its Subsidiaries within the meaning of the Securities Act and the applicable published Rules and Regulations, and stating, as of the date of such letter (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given or incorporated in the Prospectus, as of a date not more than five days prior to the date of such letter), the conclusions and findings of such firm with respect to the financial information and other matters covered by its letter delivered to you concurrently with the execution of this Agreement, and confirming the conclusions and findings set forth in such prior letter.

(h) All applicable conditions precedent and other requirements provided in Article III of the First Mortgage Indenture in connection with the authentication and delivery of the Bonds shall have been duly satisfied by the Company and the First Mortgage Trustee.

(i) Between the date of this Agreement and the Closing Date, no downgrading shall have occurred in the rating accorded to any of the Company's debt securities by Moody's Investor Service, Inc., Standard. & Poor's Corporation or Duff and Phelps, Inc., and no such organization shall have publicly announced that it proposes to withdraw, or that it has under surveillance or review its rating of any of the Company's debt securities.

(j) You shall have been furnished such additional documents and certificates as you or counsel for the Underwriters may reasonably request.

All such opinions, certificates, letters and documents shall be in compliance with the provisions hereof only if they are

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satisfactory in form and substance to you and to counsel for the Underwriters. The Company shall furnish to you conformed copies of such opinions, certificates, letters and other documents in such number as you shall reasonably request. If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date, by you. Any such cancellation shall be without liability of the Underwriters to the Company. Notice of such cancellation shall be given the Company in writing, or by facsimile or telephone and confirmed in writing.

6. Indemnification and Contribution. (a) The Company shall indemnify and

hold harmless each Underwriter against any loss, clam, damage or liability (or any action in respect thereof), joint or several, to which such Underwriter may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage or liability (or action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Prospectus or the Registration Statement or Prospectus as amended and supplemented or in any blue sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any or all of the Bonds under the securities laws thereof (any such application, document or information being hereinafter referred to as a "Blue Sky Application"), or (ii) the omission or alleged omission to state in the Registration Statement, the Prospectus or the Registration Statement or Prospectus as amended and supplemented or in any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading; and shall reimburse each Underwriter promptly after receipt of invoices from such Underwriter for any legal or other expenses as reasonably incurred by such Underwriter in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action, notwithstanding the possibility that payments for such expenses might later be held to be improper, in which case such payments shall be promptly refunded; provided, however, that the Company shall not be liable under this Section 6(a) in any such case to the extent, but only to the extent, that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information

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furnished to the Company through the Representative[s] by or on behalf of any

Underwriter specifically for use in the preparation of the Registration Statement, the Prospectus or the Registration Statement or Prospectus as amended and supplemented, or any Blue Sky Application.

(b) Each Underwriter severally, but not jointly, shall indemnify and hold harmless the Company against any loss, claim, damage or liability (or any action in respect thereof) to which the Company may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage or liability (or action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Prospectus or the Registration Statement or Prospectus as amended and supplemented, or in any Blue Sky Application, or (ii) the omission or alleged omission to state in the Registration Statement, the Prospectus or the Registration Statement or Prospectus as amended and supplemented, or in any Blue Sky Application, a material fact required to be stated therein or necessary to make the statements therein not misleading and shall reimburse the Company promptly after receipt of invoices from the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action notwithstanding the possibility that payments for such expenses might later be held to be improper, in which case such payments shall be promptly refunded; provided, however, that such indemnification or reimbursement shall be available in each such case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company through you by or on behalf of such Underwriter specifically for use in the preparation thereof.

(c) Promptly after receipt by any indemnified party under subsection (a) or (b) above of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to so notify the indemnifying party shall not relieve it from any liability which it may have under this Section 6 except to the extent it has been prejudiced in any material respect by such failure or from any liability which it may have to an indemnified party otherwise than under this Section 6. If any such claim or action shall be brought

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against any indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under such subsection for any legal or other expenses subsequently incurred by

the indemnified party in connection with the defense thereof other than reasonable costs of investigation; except that the Representative[s] shall have the right to employ counsel to represent you and those other Underwriters who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Underwriters against the Company under such subsection if, in your reasonable judgment, it is advisable for you and those Underwriters to be represented by separate counsel, and in that event the fees and expenses of such counsel shall be paid by the Company.

(d) If the indemnification provided for in this Section 6 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwrites on the other from the offering of the Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, or actions in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Bonds (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus as amended and supplemented. Relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged

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omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to in the first sentence of this subsection (d). The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigation, preparing to defend or defending against any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which

the Bonds underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint. Each party entitled to contribution agrees that upon the service of a summons or other initial legal process upon it in any action instituted against it in respect to which contribution may be sought, it shall promptly give written notice of such service to the party or parties from whom contribution may be sought, but the omission so to notify such party or parties of any such service shall not relieve the party from whom contribution may be sought for any obligation it may have hereunder or otherwise (except as specifically provided in subsection (c) hereof).

(e) The obligations of the Company under this Section 6 shall be in addition to any liability which the Company may otherwise have, and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Securities Act; and the obligations of the Underwriters under this Section 6 shall be in addition to any liability that the respective Underwriters may otherwise have,

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and shall extend, upon the same terms and conditions, to each director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company), to each officer of the Company who has signed the Registration Statement and to each person, if any, who controls the Company within the meaning of the Securities Act.

7. Substitution of Underwriters. If any Underwriter defaults in its

obligation to purchase the principal amount of Bonds which it has agreed to purchase under this Agreement, the non-defaulting Underwriters shall be obligated to purchase (in the respective proportions which the principal amount of Bonds set forth opposite the name of each non-defaulting Underwriter in Schedule I hereto bears to the aggregate principal amount of Bonds less the principal amount of Bonds which the defaulting Underwriter agreed to purchase set forth in Schedule I hereto) the Bonds which the defaulting Underwriter agreed but failed to purchase; except that the non-defaulting Underwriters shall not be obligated to purchase any of the Bonds if the total number of Bonds which the defaulting Underwriter or Underwriters agreed but failed to purchase exceed 9.09% of the total number of Bonds, and any non-defaulting Underwriters shall not be obligated to purchase more than 110% of the number of Bonds set forth opposite its name in Schedule I hereto. If the foregoing maximums are exceeded, the non-defaulting Underwriters, and any other underwriters satisfactory to you who so agree, shall have the right, but shall not be obligated, to purchase (in

such proportions as may be agreed upon among them) all of the Bonds. If the non-defaulting Underwriters or the other underwriters satisfactory to you do not elect to purchase the Bonds which the defaulting Underwriter or Underwriters agreed but failed to purchase, the Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company except for the payment of expenses to be borne by the Company and the Underwriters as provided in Section (4) (h) hereof and the indemnity and contribution agreements of the Company and the Underwriters contained in Section 6 hereof.

Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have for damages caused by its default. If the other underwriters satisfactory to you are obligated or agree to purchase the Bonds of a defaulting Underwriter, either you or the Company may postpone the Closing Date for up to seven full Business Days in order to effect any changes that may be necessary in the Registration Statement or the Prospectus or in any other document or agreement, and to file promptly any amendments or any supplements to the Registration

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Statement or the Prospectus which in your opinion may thereby be made necessary.

8. Effective Date and Termination. (a) This Agreement shall become

effective at 11:00 A.M., New York City time, on the date hereof.

(b) Until the Closing Date, this Agreement may be terminated by you by giving notice as hereinafter provided to the Company if (i) the Company shall have failed, refused or been unable, at or prior to the Closing Date, to perform any agreement on its part to be performed hereunder, (ii) any other condition of the Underwriters' obligation hereunder is not fulfilled, (iii) trading in securities generally on the New York Stock Exchange, the American Stock Exchange or the over-the-counter market shall have been suspended or minimum prices shall have been established on either of such exchanges or such market by the Commission or such exchange or other regulatory body or governmental authority having jurisdiction, (iv) a banking moratorium is declared by either Federal or State of New York or Wisconsin authorities, (v) the United States becomes engaged in hostilities or there is an escalation of hostilities involving the United States or there is a declaration of a national emergency or war by the United States, or (vi) there shall have been such a material adverse change in general economic, political or financial conditions, or the effect of international conditions on the financial markets in the United States shall be such, as to, in the judgment of a majority in interest of the several Underwriters, make it inadvisable or impracticable to proceed with the delivery of the Bonds. Any termination of this Agreement pursuant to this Section 8 shall be without liability on the part of the Company or any Underwriter, except as otherwise provided in Sections 4(h) and 6 hereof.

Any notice referred to above may be given at the address specified in Section 10 hereof in writing or by facsimile or telephone, and if by facsimile

or telephone, shall be immediately confirmed in writing.

9. Survival of Certain Provisions. The agreements contained in Section 6

hereof and the representations, warranties and agreements of the Company contained in Sections 1 and 4 hereof shall survive the delivery of the Bonds to the Underwriters hereunder and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any indemnified party.

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10. Notices. Except as otherwise provided in the Agreement, (a) whenever

notice is required by the provisions of this Agreement to be given to the Company, such notice shall be in writing or by telegraph addressed to the Company at Madison Gas and Electric Company, 133 South Blair Street, Madison, Wisconsin 53703, Attention: Vice President-Finance; and (b) whenever notice is required by the provisions of this Agreement to be given to the several Underwriters, such notice shall be in writing or by telegraph addressed to _____, _____, Attention: _____.

11. Parties. This Agreement shall inure to the benefit of and be binding

upon the several Underwriters, the Company and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that (a) the representations, warranties, indemnities and agreements of the Company contained in this Agreement shall also be deemed to be for the benefit of the person or persons, if any, who control any Underwriter within the meaning of section 15 of the Act and (b) the indemnity agreement of the Underwriters contained in Section 6 hereof shall be deemed to be for the benefit of directors of the Company, officers of the Company who signed the Registration Statement and any person controlling the Company. Nothing in this Agreement shall be construed to give any person, other than the persons referred to in this paragraph, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

12. Definition of "Business Day" and "Subsidiary". For purposes of this

Agreement, (a) "Business Day" means any day on which the New York Stock Exchange, Inc. is open for trading, and (b) "Subsidiary" has the meaning set forth in Rule 405 of the Rules and Regulations.

13. Governing Law. This Agreement shall be governed by and construed in

accordance with the laws of the State of _____.

14. Counterparts. This Agreement may be signed in one or more

counterparts, each of which shall constitute an original and all of which

together shall constitute one and the same agreement.

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Please confirm, by signing and returning to us two counterparts of this Agreement, that you are acting on behalf of yourselves and the several Underwriters and that the foregoing correctly sets forth the Agreement between the Company and the several Underwriters.

Very truly yours,

MADISON GAS AND ELECTRIC COMPANY

By:

Title:

Confirmed and accepted as of
the date first above mentioned

[REPRESENTATIVE[S]]
as Representative[s] of the several
Underwriters named in Schedule I hereto

By:

Title:

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Schedule I

Underwriting Agreement dated _____, 199[]

<TABLE>

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Underwriter

<S>

Principal Amount
of Bonds to be
Purchased

<C>

[Name] \$

</TABLE>

=====
Madison Gas and Electric Company, Issuer

and

M&I First National Bank, Trustee

INDENTURE

Dated as of March 1, 1994

=====
CROSS REFERENCE SHEET

Provisions of Trust Indenture Act of 1939 and Indenture to be dated as of March 1, 1994 between Madison Gas and Electric Company and M&I First National Bank, Trustee:

<TABLE>

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Section of the Act

Section of Indenture

- - - - -

- - - - -

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310(a) (1) and (2).....	6.9
310(a) (3) and (4).....	Inapplicable
310(b).....	6.8 and 6.10(a), (b) and (d)
310(c).....	Inapplicable

311 (a)	6.13(a) and (c) (1) and (2)
311 (b)	6.13(b)
311 (c)	Inapplicable
312 (a)	4.1 and 4.2(a)
312 (b)	4.2(a) and (b) (i) and (ii)
312 (c)	4.2(c)
313 (a)	4.4(a)
313 (b) (1)	Inapplicable
313 (b) (2)	4.4(b)
313 (c)	4.4(c)
313 (d)	4.4(d)
314 (a)	4.3
314 (b)	Inapplicable
314 (c) (1) and (2)	13.5
314 (c) (3)	Inapplicable
314 (d)	Inapplicable
314 (e)	13.5
314 (f)	Inapplicable
315 (a), (c) and (d)	6.1
315 (b)	5.11
315 (e)	5.12
316 (a) (1)	5.9
316 (a) (2)	Not required
316 (a) (last sentence)	7.4
316 (b)	5.7
316 (c)	Not required
317 (a)	5.2
317 (b)	3.4(a) and (b)
318 (a)	13.7

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* This Cross Reference Sheet is not part of the Indenture.

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Compliance with Legal Requirements	
Purpose of and Consideration for Indenture	

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ARTICLE ONE

DEFINITIONS

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<C>	Certain Terms Defined..... Additional Collateral Bonds..... Authenticating Agent..... Authorized Newspaper..... Board of Directors..... Board Resolution..... Bonds..... Business Day..... Collateral Bond..... Collateral Bonds..... Commission..... Corporate Trust Office..... Coupon..... Covenant defeasance..... Depository..... Dollar..... Event of Default..... First Mortgage..... Holder, Holder of Notes, Noteholder..... Indenture..... Interest..... Interest Payment Date..... Issuer..... Issuer Order..... Mortgage Supplemental Indenture..... Mortgage Trustee..... Note or Notes..... Note Register and Note Registrar..... Officers' Certificate..... Opinion of Counsel..... Original Issue Date..... Original Issue Discount Note..... Outstanding.....		

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<C>	<C>	Periodic Offering..... Person..... Principal..... Record Date..... Registered Global Note..... Registered Note..... Responsible Officer.....		

Stated Principal Amount.....
Trust Indenture Act of 1939 or Trust.....
Indenture Act.....
Trustee.....
Unregistered Note.....
Yield to Maturity.....

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THIS INDENTURE dated as of March 1, 1994 between Madison Gas and Electric Company, a Wisconsin corporation (the "Issuer"), and M&I First National Bank, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer has duly authorized the issue from time to time of its secured medium-term notes to be issued in one or more series (the "Notes") up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this Indenture;

WHEREAS, the Issuer has duly authorized the execution and delivery of this Indenture to provide, among other things, for the authentication, delivery and administration of the Notes;

WHEREAS, as security for the Notes to be issued hereunder, the Issuer has issued a Collateral Bond (as hereinafter defined) and has delivered such bond to the Trustee, and pursuant to the terms and provisions hereof the Issuer may require the Trustee to deliver to the Issuer one or more Collateral Bonds held by it; and

WHEREAS, all things necessary to make this Indenture a valid indenture and agreement according to its terms have been done;

NOW, THEREFORE:

In consideration of the premises and the purchases of the Notes by the holders thereof, the Issuer and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective holders from time to time of the Notes and of the Coupons, if any, appertaining thereto as follows:

ARTICLE ONE

DEFINITIONS

otherwise expressly provided or unless the context otherwise clearly requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section. All other terms used in this Indenture that are defined in the Trust Indenture Act of 1939, including terms defined therein by reference to the Securities Act of 1933 (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture. All accounting terms used herein and not expressly

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defined shall have the meanings assigned to such terms in accordance with generally accepted accounting principles, and the term "generally accepted

accounting principles" means such accounting principles as are generally

accepted in the United States of America at the time of any computation. The words "herein", "hereof" and "hereunder" and other words of similar import refer

to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article include the plural as well as the singular.

"Additional Collateral Bonds" means any Bonds other than the

Collateral Bond (a) which is one of the Issuer's First Mortgage Bonds, Series 2029, issued under and pursuant to the Mortgage Supplemental Indenture or (b) which is issued pursuant to any supplemental indenture subsequent to the Mortgage Supplemental Indenture and is substantially identical in form and content to the Collateral Bond except for the Stated Principal Amount and maturity date thereof.

"Authenticating Agent" shall have the meaning set forth in Section

6.14.

"Authorized Newspaper" means a newspaper (which, in the case of The

City of New York, will, if practicable, be The Wall Street Journal (Eastern Edition)), published in English at least once a day for at least five days in each calendar week and of general circulation in The City of New York. If it shall be impractical in the opinion of the Trustee to make any publication of any notice required hereby in an Authorized Newspaper, any publication or other notice in lieu thereof which is made or given with the approval of the Trustee shall constitute a sufficient publication of such notice.

"Board of Directors" means either the Board of Directors of the Issuer

or any committee of such Board duly authorized to act on its behalf.

"Board Resolution" means a copy of one or more resolutions, certified

by the secretary or an assistant secretary of the Issuer to have been duly adopted or consented to by the Board of Directors and to be in full force and effect, and delivered to the Trustee.

"Bonds" means first mortgage bonds issued pursuant to the First

Mortgage.

"Business Day" means, with respect to any series of Notes, a day on

which, in any city where amounts are payable on the Notes of such series as therein specified, banking institutions are not authorized or required by law or regulation to close.

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"Collateral Bond" means the initial Bond in the Stated Principal

Amount of \$45,000,000 to be issued under and secured by the First Mortgage and the Mortgage Supplemental Indenture being one of the Bonds designated as "Madison Gas and Electric Company First Mortgage Bonds, Series 2029" and delivered and pledged to the Trustee pursuant to Section 12.1.

"Collateral Bonds" means the Collateral Bond and any Additional

Collateral Bonds.

"Commission" means the Securities and Exchange Commission, as from

time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution and delivery of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act of 1939, then the body performing such duties on such date.

"Corporate Trust Office" means the office of the Trustee at which the

corporate trust business of the Trustee shall, at any particular time, be principally administered, which office is, at the date as of which this Indenture is dated, located at 321 North Main Street, West Bend, Wisconsin 53095, Attention: Administrator.

"Coupon" means any interest coupon appertaining to a Note.

"covenant defeasance" shall have the meaning set forth in Section

10.1(C).

"Depository" means, with respect to the Notes of any series issuable

or issued in the form of one or more Registered Global Notes, the Person designated as Depository by the Company pursuant to Section 2.3 until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depository" shall mean each Person who is then a Depository hereunder; and if at any time there is more than one such Person, "Depository" as used with respect to the Notes of any such series shall mean each Depository with respect to the Registered Global Notes of such series.

"Dollar" means the coin or currency of the United States of America as

at the time of payment is legal tender for the payment of public and private debts.

"Event of Default" means any event or condition specified as such in

Section 5.1.

"First Mortgage" means the indenture of mortgage and deed of trust,

dated as of January 1, 1946 from the Issuer to First Wisconsin Trust Company (now known as Firststar Trust

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Company), trustee, as supplemented and amended by seventeen supplemental indentures and as the same shall be supplemented and amended in the future.

"Holder", "Holder of Notes", "Noteholder" or other similar terms mean

(a) in the case of any Registered Note, the Person in whose name such Note is registered in the Note Register kept by the Issuer for that purpose in accordance with the terms hereof, and (b) in the case of any Unregistered Note, the bearer of such Note, or any Coupon appertaining thereto, as the case may be.

"Indenture" means this instrument as originally executed and delivered

or, if amended or supplemented as herein provided, as so amended or supplemented or both, and shall include the forms and terms of particular series of Notes established as provided hereunder.

"Interest" means, when used with respect to non-interest bearing

Notes, interest payable after maturity.

"Interest Payment Date" means (a) the date or dates, if any, on which

interest is to be paid on any Note as established pursuant to Section 2.3(f) (provided, however, that the first Interest Payment Date for any Note, the

Original Issue Date of which is after a Record Date but prior to the respective Interest Payment Date, shall be the Interest Payment Date following the next succeeding Record Date), (b) the date of maturity or redemption of such Note, and (c) only with respect to defaulted interest on such Note, the date established for the payment of such defaulted interest pursuant to Section 2.7 hereof.

"Issuer" means (except as otherwise provided in Article Six) Madison

Gas and Electric Company, a Wisconsin corporation, and, subject to Article Nine, its successors and assigns.

"Issuer Order" means a written statement, request or order of the

Issuer signed in its name by the Chairman or the President and any Vice President (whether or not designated by a number or numbers or a word or words added before or after the title "Vice President") of the Issuer.

"Mortgage Supplemental Indenture" means the Eighteenth Supplemental

Indenture to the First Mortgage, dated as of March 1, 1994 and pursuant to which the Collateral Bonds are to be issued.

"Mortgage Trustee" means the trustee at the time serving as such under

the First Mortgage.

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"Note" or "Notes" (except as otherwise provided in Section 6.8) shall

have the meaning stated in the first recital of this Indenture or, as the case may be, Notes that have been authenticated and delivered under this Indenture.

"Note Register" and "Note Registrar" shall have the respective

meanings set forth in Section 2.8.

"Officers' Certificate" means a certificate signed by the Chairman or

the President and any Vice President (whether or not designated by a number or numbers or a word or words added before or after the title "Vice President") of the Issuer and delivered to the Trustee. Each such certificate shall include the statements provided for in Section 13.5.

"Opinion of Counsel" means an opinion in writing signed by the counsel

of the Issuer as designated by the Board of Directors or by such other legal counsel who may be an employee of or counsel to the Issuer and who shall be satisfactory to the Trustee. Each such opinion shall include the statements provided for in Section 13.5, if and to the extent required thereby.

"Original Issue Date" of any Note (or portion thereof) means the

earlier of (a) the date of such Note or (b) the date of any Note (or portion thereof) for which such Note was issued (directly or indirectly) on registration of transfer, exchange or substitution.

"Original Issue Discount Note" means any Note that provides for an

amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 5.1.

"Outstanding" (except as otherwise provided in Section 6.8), when used

with reference to Notes, shall, subject to the provisions of Section 7.4, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except:

(a) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Notes, or portions thereof, for the payment or redemption of which moneys or Government Obligations (as provided for in Section 10.1) in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Issuer) or shall have been set aside, segregated and held in trust by the Issuer for the Holders of such Notes (if the Issuer shall act as its own paying agent), provided that if such

Notes, or portions thereof, are to be redeemed prior to the maturity

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thereof, notice of such redemption shall have been given as herein provided, or provision satisfactory to the Trustee shall have been made for giving such notice; and

(c) Notes which shall have been paid or in substitution for which other Notes shall have been authenticated and delivered pursuant to the terms of Section 2.9 (except with respect to any such Note as to which proof satisfactory to the Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

In determining whether the Holders of the requisite principal amount of Outstanding Notes of any or all series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of an Original Issue Discount Note that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to Section 5.1.

"Periodic Offering" means an offering of Notes of any series from time

to time, the specific terms of which Notes, including, without limitation, the rate or rates of interest, if any, thereon, the stated maturity or maturities thereof and the redemption provisions, if any, with respect thereto are to be determined by the Company or its agents upon the issuance of such Notes.

"Person" means any individual, corporation, partnership, joint

venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Principal", whenever used with reference to the Notes or any Note or

any portion thereof, shall be deemed to include the words "and premium, if any".

"Record Date" shall have the meaning set forth in Section 2.7.

"Registered Global Note" means a Note evidencing all or a part of a

series of Notes issued to the Depository, or its nominee, for such series in accordance with Section 2.4, and bearing the legend prescribed in Section 2.4.

"Registered Note" means any Note registered on the Note Register of

the Issuer.

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"Responsible Officer", when used with respect to the Trustee, means

the chairman of the board of directors, any vice chairman of the board of directors, the chairman of the trust committee, the chairman of the executive committee, any vice chairman of the executive committee, the president, any vice president (whether or not designated by numbers or words added before or after the title "vice president"), the cashier, the secretary, the treasurer, any trust officer, any assistant trust officer, any assistant vice president, any assistant cashier, any assistant secretary, any assistant treasurer or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Stated Principal Amount" means (i) with respect to the Collateral

Bond, \$45,000,000 and (ii) with respect to any Additional Collateral Bonds, the dollar amount specified therein as the "Stated Principal Amount" thereof.

"Trust Indenture Act of 1939" or "Trust Indenture Act" (except as

otherwise provided in Sections 8.1 and 8.2) means the Trust Indenture Act of 1939 as in force at the date as of which this Indenture was originally executed.

"Trustee" means the Person identified as "Trustee" in the first

paragraph hereof and, subject to the provisions of Article Six, shall also include any successor trustee. "Trustee" shall also mean or include each Person who is then a trustee hereunder; and if at any time there is more than one such Person, "Trustee" as used with respect to the Notes of any series shall mean the trustee with respect to the Notes of such series.

"Unregistered Note" means any Note other than a Registered Note.

"Yield to Maturity" means the yield to maturity on a series of Notes,

calculated at the time of issuance of such series, or, if applicable, at the most recent redetermination of interest on such series, in accordance with accepted financial practice.

ARTICLE TWO

NOTES

Section 2.1 Forms Generally. The Notes of each series and the

Coupons, if any, to be attached thereto shall be substantially in such form (not inconsistent with this Indenture) as shall be established by or pursuant to one or more Board

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Resolutions (as set forth in a Board Resolution or, to the extent established pursuant to rather than set forth in a Board Resolution, an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have imprinted or otherwise reproduced thereon such letters, numbers or other marks of identification and such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, or with any rules of any securities exchange or to conform to general usage, all as may be determined by the officers executing such Notes and Coupons, if any, as evidenced by their execution of such Notes and Coupons.

The definitive Notes and Coupons, if any, shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Notes and Coupons, if any, as evidenced by their execution of such Notes and Coupons.

Section 2.2 Form of Trustee's Certificate of Authentication. The

Trustee's certificate of authentication on all Notes shall be in substantially

the following form:

"This is one of the Notes referred to in the within-mentioned Indenture.

M&I First National Bank,
as Trustee

By _____
Authorized Officer"

If at any time there shall be an Authenticating Agent appointed with respect to any series of Notes, then the Trustee's certificate of authentication to be borne by the Notes of each such series shall be substantially as follows:

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"This is one of the Notes referred to in the within-mentioned Indenture.

_____,
as Authenticating Agent

By _____
Authorized Officer"

Section 2.3 Amount Unlimited; Issuable in Series. (a) Except as provided in Section 3.6 hereof, the aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is unlimited.

(b) The Notes may be issued in one or more series, and each such series shall rank pari passu with all other Notes.

(c) Each Note shall be dated and issued as of the date of its authentication by the Trustee, and shall bear an Original Issue Date; each Note issued upon transfer, exchange or substitution of a Note shall bear the Original Issue Date or Dates of such transferred, exchanged or substituted Note.

(d) Each Note shall bear interest payable in Dollars from the later of (1) its Original Issue Date, or (2) the most recent Interest Payment Date to which interest has been paid or duly provided for with respect to such Note until the principal of such Note is paid or made available for payment, and interest on each Note shall be payable on each Interest Payment Date after the date of such Note.

(e) Each Note shall mature on a date specified in the Note not less than nine months nor more than 35 years after the Original Issue Date, but in no event shall the maturity date of a Note occur after January 15, 2029, and the principal amount of each outstanding Note shall be payable on the maturity date specified therein and in Dollars.

(f) There shall be established in or pursuant to one or more Board Resolutions (and to the extent established pursuant to rather than set forth in a Board Resolution, in an Officers' Certificate detailing such establishment) or established in one or more indentures supplemental hereto, prior to the initial issuance of Notes of any series:

(1) the designation of the Notes of such series, which shall distinguish the Notes of such series from the Notes of all other series;

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(2) any limit upon the aggregate principal amount of the Notes of such series that may be authenticated and delivered under this Indenture (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of such series pursuant to Section 2.8, 2.9, 2.11, 8.5 or 11.3);

(3) subject to Section 2.3(e), the date or dates on which the principal of the Notes of such series is payable;

(4) the rate or rates at which the Notes of such series shall bear interest, if any, the Interest Payment Date or Dates for the Notes of such series and the date or dates (in the case of Registered Notes) on which a record shall be taken for the determination of Holders to whom interest is payable and/or the method by which such rate or rates shall be determined;

(5) the place or places where the principal of and any interest on Notes of such series shall be payable (if other than as provided in Section 3.2);

(6) the right, if any, of the Issuer to redeem Notes of such series, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which Notes of such series may be so redeemed, pursuant to any sinking fund or otherwise;

(7) the obligation, if any, of the Issuer to redeem, purchase or repay Notes of such series pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a Holder thereof and the price or prices at which and the period or periods within which and any terms and conditions upon which Notes of such series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;

(8) if other than denominations of \$1,000 and any integral multiple thereof in the case of Registered Notes, or \$1,000 and \$5,000 in the case

of Unregistered Notes, the denominations in which Notes of such series shall be issuable;

(9) if other than the entire principal amount thereof, the portion of the principal amount of Notes of such series which shall be payable upon declaration of acceleration of the maturity thereof;

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(10) whether the Notes of such series will be issuable as Registered Notes (and if so, whether such Notes will be issuable as Registered Global Notes) or Unregistered Notes (with or without Coupons), or any combination of the foregoing, any restrictions applicable to the offer, sale or delivery of Unregistered Notes or the payment of interest thereon and, if other than as provided in Section 2.8, the terms upon which Unregistered Notes of such series may be exchanged for Registered Notes of such series and vice versa;

(11) whether and under what circumstances the Issuer will pay additional amounts on the Notes of such series held by a person who is not a U.S. person in respect of any tax, assessment or governmental charge withheld or deducted and, if so, whether the Issuer will have the option to redeem such Notes rather than pay such additional amounts;

(12) if the Notes of such series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Note of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and terms of such certificates, documents or conditions;

(13) any trustees, depositories, authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Notes of such series;

(14) any other events of default or covenants with respect to the Notes of such series; and

(15) any other terms of such series (which terms shall not be inconsistent with the provisions of this Indenture).

All Notes of any one series and Coupons, if any, appertaining thereto shall be substantially identical, except in the case of Registered Notes as to denomination and except as may otherwise be provided by or pursuant to the Board Resolution or Officers' Certificate referred to above or as set forth in any indenture supplemental hereto referred to above. All Notes of any one series need not be issued at the same time and may be issued from time to time, consistent with the terms of this Indenture, if so provided by or pursuant to such Board Resolution, such Officers' Certificate or in any such indenture supplemental hereto.

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Section 2.4 Authentication and Delivery of Notes. The Issuer may

from time to time deliver Notes of any series, having attached thereto appropriate Coupons, executed by the Issuer to the Trustee for authentication, together with the applicable documents referred to below in this Section, and the Trustee shall thereupon authenticate and deliver such Notes to or upon the order of the Issuer (contained in the Issuer Order referred to below in this Section) or pursuant to such procedures acceptable to the Trustee and to such recipients as may be specified from time to time by an Issuer Order. If so provided in the Board Resolution, Officers' Certificate or supplemental indenture establishing the Notes of any series, the maturity date, original issue date, interest rate, Interest Payment Date or Dates and any other terms of any or all of the Notes of such series and the Coupons, if any, appertaining thereto may be determined by or pursuant to such Issuer Order and procedures. If provided for in such procedures, such Issuer Order may authorize authentication and delivery pursuant to oral or electronic instructions from the Issuer or its duly authorized agent, which instructions shall be promptly confirmed in writing. In authenticating such Notes and accepting the additional responsibilities under this Indenture in relation to such Notes, the Trustee shall be entitled to receive (but, in the case of subparagraphs 2, 3 and 4 below, only at or before the time of the first request of the Issuer to the Trustee to authenticate Notes of such series) and (subject to Section 6.1) shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:

(1) an Issuer Order requesting such authentication and setting forth delivery instructions if the Notes and the Coupons, if any, are not to be delivered to the Issuer, provided that, with respect to Notes of a series subject to a Periodic Offering, (a) such Issuer Order may be delivered by the Issuer to the Trustee at any time prior to the delivery to the Trustee of the Notes of such series for authentication and delivery, (b) the Trustee shall authenticate and deliver the Notes of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount established for such series, pursuant to an Issuer Order or pursuant to such procedures acceptable to the Trustee as may be specified from time to time by an Issuer Order, (c) if so provided in the procedures establishing the Notes of such series, the maturity date, original issue date, interest rate, the Interest Payment Date or Dates and any other terms of any or all of the Notes of such series may be determined by an Issuer Order or pursuant to such procedures and (d) if provided for in such procedures, such Issuer Order may authorize authentication and delivery pursuant to oral or electronic instructions from the Issuer or its duly

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authorized agent, which instructions shall be promptly confirmed in writing;

(2) any Board Resolution, Officers' Certificate and/or executed supplemental indenture referred to in Sections 2.1 and 2.3 by or pursuant

to which the forms and terms of the Notes of such series and the Coupons, if any, were established;

(3) an Officers' Certificate setting forth the form or forms and terms of the Notes of such series and the Coupons, if any, stating (a) that such form or forms and terms have been established pursuant to Sections 2.1 and 2.3 and comply with this Indenture, (b) the aggregate principal amount of all of the Notes outstanding under this Indenture and (c) the aggregate amount of interest paid with respect to such outstanding Notes on the most recent Interest Payment Date and covering such other matters as the Trustee may reasonably request; and

(4) at the option of the Issuer, either an Opinion of Counsel, or a letter addressed to the Trustee permitting it to rely on an Opinion of Counsel, substantially to the effect that:

(a) the forms of the Notes of such series and the Coupons, if any, have been duly authorized and established in conformity with the provisions of this Indenture;

(b) in the case of an underwritten offering, the terms of the Notes of such series have been duly authorized and established in conformity with the provisions of this Indenture, and, in the case of an offering that is not underwritten, certain terms of the Notes of such series have been established pursuant to a Board Resolution, an Officers' Certificate or a supplemental indenture in accordance with the provisions of this Indenture and when such other terms as are to be established pursuant to an Issuer Order or procedures set forth in an Issuer Order shall have been established, all such terms will have been duly authorized by the Issuer and will have been established in conformity with the provisions of this Indenture;

(c) when the Notes of such series and the Coupons, if any, have been executed by

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the Issuer and authenticated by the Trustee in accordance with the provisions of this Indenture and delivered to and duly paid for by the purchasers thereof, they will have been duly issued under this Indenture and will be valid and legally binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general principles of equity, and will be entitled to the benefits of this Indenture;

(d) the Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a legal, valid and binding agreement of the Issuer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of

creditors' rights and to general equity principles;

(e) the Indenture and the First Mortgage are qualified under the Trust Indenture Act;

(f) the Collateral Bonds have been duly authorized, executed and delivered to the Trustee; and the Collateral Bonds and the First Mortgage are legal, valid and binding obligations of the Issuer, and the Collateral Bonds are entitled to the benefit of the First Mortgage, equally and ratably with all other Bonds outstanding under the First Mortgage, and are enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement or creditors' rights and to general equity principles;

(g) the issuance of the Notes will not result in any default under this Indenture, the First Mortgage, or any other contract, indenture, loan agreement or other instrument known to such counsel to which the Issuer is a party or by which it or any of its property is bound;

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(h) the First Mortgage has been duly recorded in all places where such recording is necessary for the perfection or preservation of the lien of the First Mortgage, no financing statements (other than such as have already been filed) are required to be filed pursuant to the Uniform Commercial Code for the perfection or preservation of the lien of the First Mortgage, and the First Mortgage constitutes a valid and perfected lien upon the property purported to be covered thereby, subject only to "permissible encumbrances" as defined therein and other conditions or exceptions that do not, singly or in the aggregate, materially impair the use of the property affected thereby in the operations of the business of the Issuer;

(i) the security interest of the Trustee in the Collateral Bonds, as created hereunder, is a valid and perfected security interest; and

(j) no consent, approval, authorization, order, registration or qualification of or with any governmental agency or body having jurisdiction over the Issuer is required for the execution and delivery of the Notes of such series by the Issuer, except such as have been obtained (except that no opinion need be expressed as to state securities or Blue Sky laws).

The Trustee shall have the right to decline to authenticate and deliver any Notes of any series under this Section (other than Notes the forms and terms of which shall have been established by supplemental indenture) if the Trustee, being advised by counsel, determines that such action may not lawfully be taken by the Issuer or if the Trustee in good faith by its board of directors or board of trustees, executive committee or a trust committee of directors,

trustees or Responsible Officers shall determine that such action would expose the Trustee to personal liability to existing Holders or would affect the Trustee's rights, duties or immunities under the Notes of any such series, this Indenture or otherwise.

If the Issuer shall establish pursuant to Section 2.3 that the Notes of a series are to be issued in the form of one or more Registered Global Notes, then the Issuer shall execute and the Trustee shall, in accordance with this Section and the Issuer Order with respect to such series, authenticate and deliver one

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or more Registered Global Notes that (i) shall be in an aggregate amount equal to the aggregate principal amount specified in such Issuer Order, (ii) shall be registered in the name of the Depository therefor or its nominee, (iii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions and (iv) shall bear a legend substantially to the following effect: "Unless and until it is exchanged in whole or in part for Notes in definitive registered form, this Note may not be transferred except as a whole by the Depository to the nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository."

Each Depository designated pursuant to Section 2.3 must, at the time of its designation and at all times while it serves as Depository, be a clearing agency registered under the Securities Exchange Act of 1934 and any other applicable statute or regulation.

Section 2.5 Execution of Notes. The Notes shall be signed on behalf

of the Issuer by both (a) its Chairman, President or any Vice President (whether or not designated by a number or numbers or a word or words added before or after the title "Vice President") and (b) any Secretary or Assistant Secretary. Such signatures may be the manual or facsimile signatures of the present or any future such officers. Typographical and other minor errors or defects in any such signature shall not affect the validity or enforceability of any Note that has been duly authenticated and delivered by the Trustee. The Coupons, if any, applicable to the Notes of any series shall bear the facsimile signature of the President or any Vice President of the Issuer.

In case any officer of the Issuer who shall have so signed any of the Notes or Coupons, if any, shall cease to be such officer before the Note or Coupon so signed (or the Note to which the Coupon so signed appertains) shall be authenticated and delivered by the Trustee or disposed of by the Issuer, such Note or Coupon nevertheless may be authenticated and delivered or disposed of as though the person who signed such Note or Coupon had not ceased to be such officer of the Issuer; and any Note or Coupon may be so signed on behalf of the Issuer by such persons as, at the actual date of the execution of such Note or Coupon, shall be the proper officers of the Issuer, although at the date of the execution and delivery of this Indenture any such person was not such an

officer.

Section 2.6 Certificate of Authentication. Only such Notes as shall

bear thereon a certificate of authentication substantially in the form
hereinbefore recited, executed by the Trustee by the manual signature of one of
its authorized

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officers, shall be entitled to the benefits of this Indenture or be valid or
obligatory for any purpose. No Coupon shall be entitled to the benefits of this
Indenture or shall be valid and obligatory for any purpose until the certificate
of authentication on the Note to which such Coupon appertains shall have been
duly executed by the Trustee. The execution of such certificate by the Trustee
upon any Note executed by the Issuer shall be conclusive evidence that the Note
so authenticated has been duly authenticated and delivered hereunder and that
the Holder is entitled to the benefits of this Indenture.

Section 2.7 Denomination of Notes; Payments of Interest. The Notes

of each series shall be issuable as Registered Notes or Unregistered Notes in
denominations established as contemplated by Section 2.3 or, with respect to the
Registered Notes of any series, if not so established, in denominations of
\$1,000 and any integral multiple thereof. If denominations of Unregistered
Notes of any series are not so established, such Notes shall be issuable in
denominations of \$1,000 and \$5,000. The Notes of each series shall be numbered,
lettered or otherwise distinguished in such manner or in accordance with such
plan as the officers of the Issuer executing the same may determine with the
approval of the Trustee, as evidenced by the execution and authentication
thereof.

The Notes of each series shall bear interest, if any, from the date,
and such interest shall be payable on the Interest Payment Dates, established as
contemplated by Section 2.3.

The Person in whose name any Registered Note of any series is
registered at the close of business on any Record Date applicable to such series
with respect to any Interest Payment Date for such series shall be entitled to
receive the interest, if any, payable on such Interest Payment Date
notwithstanding any transfer or exchange of such Registered Note subsequent to
the Record Date and prior to such Interest Payment Date, except if and to the
extent the Issuer 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 Persons in whose names Outstanding Registered Notes of such series are
registered at the close of business on a subsequent Record Date (which shall be
not less than five Business Days prior to the date of payment of such defaulted
interest) established by notice given by mail by or on behalf of the Issuer to
the Holders of Registered Notes of such series not less than 15 days preceding
such subsequent Record Date. The term "Record Date", as used with respect to
any Interest Payment Date (except a date for payment of defaulted interest) for
the Notes of any series, shall mean the date specified as such in the terms of

Section 2.8 Registration, Transfer and Exchange. The Issuer will

keep, or cause to be kept, at the Corporate Trust Office and at each other office or agency to be maintained for the purpose as provided in Section 3.2 for each series of Notes a register or registers (collectively the "Note Register") in which, subject to such reasonable regulations as it may prescribe, it will provide for the registration of Registered Notes of such series and the registration of transfer of Registered Notes of such series. The Note Register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. At all reasonable times such register or registers not maintained by the Trustee shall be open for inspection by the Trustee. Unless and until otherwise determined by the Issuer pursuant to Section 2.3, the Note Register with respect to each series of Registered Notes shall be kept solely at the Corporate Trust Office and, for this purpose, the Trustee shall be designated the "Note Registrar."

Upon due presentation for registration of transfer of any Registered Note of any series at any such office or agency, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Registered Note or Registered Notes of the same series, maturity date and interest rate in authorized denominations for a like aggregate principal amount.

Unregistered Notes (except for any temporary global Unregistered Notes) and Coupons (except for Coupons attached to any temporary global Unregistered Notes) shall be transferable by delivery.

At the option of the Holder thereof, Registered Notes of any series (other than a Registered Global Note, except as set forth below) may be exchanged for one or more Registered Notes of such series in authorized denominations for a like aggregate principal amount, upon surrender of such Registered Notes to be exchanged at the office or agency to be maintained for such purpose in accordance with Section 3.2 and upon payment, if the Issuer shall so require, of the charges hereinafter provided. If the Notes of any series are issued in both registered and unregistered form, except as otherwise specified for a particular series pursuant to Section 2.3, at the option of the Holder thereof, Unregistered Notes of any series may be exchanged for Registered Notes of such series in authorized denominations for a like aggregate principal amount, upon surrender of such Unregistered Notes to be exchanged at the office or agency to be maintained for such purpose in accordance with Section 3.2, with, in the case of Unregistered Notes that have Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Issuer shall so require, of the charges hereinafter provided. At the option of the Holder

thereof, if Unregistered Notes of any series, maturity date, interest rate and original issue date are issued in more than one authorized denomination, except as otherwise specified for a particular series pursuant to Section 2.3, such Unregistered Notes may be exchanged for other Unregistered Notes of such series in authorized denominations for a like aggregate principal amount, upon surrender of such Unregistered Notes to be exchanged at the office or agency to be maintained for such purpose in accordance with Section 3.2 or as specified for a particular series pursuant to Section 2.3, with, in the case of Unregistered Notes that have Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Issuer shall so require, of the charges hereinafter provided. Unless otherwise specified for a particular series pursuant to Section 2.3, Registered Notes of any series may not be exchanged for Unregistered Notes of such series. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive. All Notes and Coupons surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled and disposed of by the Trustee and the Trustee will deliver a certificate of disposition thereof to the Issuer.

All Registered Notes presented for registration of transfer, exchange, redemption or payment shall (if so required by the Issuer or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder or his attorney duly authorized in writing.

The Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Notes. No service charge shall be made for any such transaction.

The Issuer shall not be required to (a) issue, exchange or register a transfer of any Notes of any series for a period of 15 days next preceding the first mailing or publication of notice of redemption of Notes of such series to be redeemed or (b) exchange or register the transfer of any Notes selected, called or being called for redemption, in whole or in part, except, in the case of any Note to be redeemed in part, the portion thereof not so to be redeemed.

Notwithstanding any other provision of this Section, unless and until it is exchanged in whole or in part for Notes in definitive registered form, a Registered Global Note representing all or a portion of the Notes of a series may not be transferred except as a whole by the Depository for such Registered Global Note to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such

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Depository or by such Depository or any such nominee to a successor Depository for such Registered Global Note or a nominee of such successor Depository.

If at any time a Depository for any Registered Notes of a series

represented by one or more Registered Global Notes notifies the Issuer that it is unwilling or unable to continue as Depository for such Registered Notes or if at any time any such Depository shall no longer be eligible under Section 2.4, the Issuer shall appoint a successor Depository with respect to the Registered Notes held by such Depository. If a successor Depository is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Registered Notes of such series shall no longer be represented by one or more Registered Global Notes held by such Depository, and the Issuer shall execute, and the Trustee, upon receipt of an Issuer Order for the authentication and delivery of definitive Notes of such series, shall authenticate and deliver Notes of such series in definitive registered form without coupons, in any authorized denominations and in an aggregate principal amount equal to the principal amount of the Registered Global Note or Notes held by such Depository in exchange for such Registered Global Note or Notes.

Within seven days after the occurrence of an Event of Default specified in clause (a), (b) or (c) of Section 5.1 with respect to any series of Notes, the Issuer shall execute, and the Trustee shall authenticate and deliver, Notes of such series in definitive registered form without coupons, in any authorized denominations and in an aggregate principal amount equal to the principal amount of the Registered Global Note or Notes representing Registered Notes of such series in exchange for such Registered Global Note or Notes.

The Issuer may at any time and in its sole discretion determine that the Registered Notes of a particular series shall no longer be represented by a Registered Global Note or Notes. In such event, the Issuer shall execute, and the Trustee, upon receipt of an Issuer Order for the authentication and delivery of definitive Notes of such series, shall authenticate and deliver, Notes of such series in definitive registered form without Coupons, in any authorized denominations and in an aggregate principal amount equal to the principal amount of the Registered Global Note or Notes representing Registered Notes of such series in exchange for such Registered Global Note or Notes.

If so specified by the Issuer pursuant to Section 2.3 with respect to Notes of a particular series represented by a Registered Global Note, the Depository for such Registered Global Note may surrender such Registered Global Note in exchange in whole or in part for Notes of such series in definitive registered form on such terms as are acceptable to the Issuer and

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such Depository. Thereupon, the Issuer shall execute, and the Trustee shall authenticate and deliver:

(i) to each Person specified by such Depository a new Registered Note or Notes of such series, in any authorized denominations requested by such Person, in an aggregate principal amount equal to, and in exchange for, such Person's beneficial interest in the Registered Global Note; and

(ii) to such Depository a new Registered Global Note in a denomination equal to the difference between the principal amount of the surrendered Registered Global Note and the aggregate principal amount of

Upon the exchange of any Registered Global Note for Notes in definitive registered form without Coupons, in authorized denominations, such Registered Global Note shall be cancelled by the Trustee or an agent of the Issuer or the Trustee. Notes in definitive registered form without Coupons issued in exchange for a Registered Global Note pursuant to this Section shall be registered in such names and in such authorized denominations as the Depository for such Registered Global Note, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee or an agent of the Issuer or the Trustee. The Trustee or such agent shall deliver such Notes to or as directed by the Persons in whose names such Notes are so registered.

All Notes issued upon any registration of transfer or exchange of Notes shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Notwithstanding anything herein or in the terms of any series of Notes to the contrary, none of the Issuer, the Trustee or any agent of the Issuer or the Trustee (any of which, other than the Issuer, shall rely on an Officers' Certificate and an Opinion of Counsel) shall be required to exchange any Unregistered Note for a Registered Note if such exchange would result in adverse Federal income tax consequences to the Issuer (such as, for example, the inability of the Issuer to deduct from its income, as computed for Federal income tax purposes, the interest payable on the Unregistered Notes) under then applicable United States Federal income tax laws.

Section 2.9 Mutilated, Defaced, Destroyed, Lost and Stolen Notes. In

case any temporary or definitive Note or any Coupon appertaining to any Note shall become mutilated, defaced

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or be destroyed, lost or stolen, the Issuer in its discretion may execute, and upon receipt of an Issuer Order, the Trustee shall authenticate and deliver a new Note of the same series, maturity date, interest rate, Interest Payment Date or Dates and Original Issue Date, bearing a number or other distinguishing symbol not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen, with Coupons corresponding to the Coupons appertaining to the Notes so mutilated, defaced, destroyed, lost or stolen, or in exchange or substitution for the Note to which such mutilated, defaced, destroyed, lost or stolen Coupon appertained, with Coupons appertaining thereto corresponding to the Coupons so mutilated, defaced, destroyed, lost or stolen. In every case the applicant for a substitute Note or Coupon shall furnish to the Issuer and to the Trustee and any agent of the Issuer or the Trustee such security or indemnity as may be required by them to indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Note or

Coupon and of the ownership thereof and, in the case of mutilation or defacement, shall surrender the Note and related Coupons to the Trustee or such agent.

Upon the issuance of any substitute Note or Coupon, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) or its agent connected therewith. In case any Note or Coupon which has matured or is about to mature or has been called for redemption in full shall become mutilated or defaced or be destroyed, lost or stolen, the Issuer may, instead of issuing a substitute Note, pay or authorize the payment of the same or the relevant Coupon (without surrender thereof except in the case of a mutilated or defaced Note or Coupon), if the applicant for such payment shall furnish to the Issuer and to the Trustee and any agent of the Issuer or the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Note or Coupon and of the ownership thereof.

Every substitute Note or Coupon of any series issued pursuant to the provisions of this Section by virtue of the fact that any such Note or Coupon is destroyed, lost or stolen shall constitute an additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note or Coupon shall be at any time enforceable by anyone and shall be entitled to all the benefits of (but shall be subject to all the limitations of rights set forth in) this Indenture equally and proportionately with any and all other Notes or Coupons of such series duly authenticated and delivered hereunder. All Notes and Coupons

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shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Notes and Coupons and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.10 Cancellation of Notes; Destruction Thereof. All Notes

and Coupons surrendered for payment, redemption, registration of transfer or exchange, or for credit against any payment in respect of a sinking or analogous fund, if surrendered to the Issuer or any agent of the Issuer or any agent of the Trustee, shall be delivered to the Trustee or its agent for cancellation or, if surrendered to the Trustee, shall be cancelled by it; and no Notes or Coupons shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee or its agent shall dispose of cancelled Notes and Coupons held by it and deliver a certificate of disposition to the Issuer. If the Issuer or its agent shall acquire any of the Notes or Coupons, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes or Coupons unless and until the same are delivered to the Trustee or its agent for cancellation.

Section 2.11 Temporary Notes. Pending the preparation of definitive

Notes for any series, the Issuer may execute and the Trustee shall authenticate and deliver temporary Notes for such series (printed, lithographed, typewritten or otherwise reproduced, in each case in form satisfactory to the Trustee). Temporary Notes of any series shall be issuable as Registered Notes without Coupons, or as Unregistered Notes with or without Coupons attached thereto, of any authorized denomination, and substantially in the form of the definitive Notes of such series but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Issuer with the concurrence of the Trustee as evidenced by the execution and authentication thereof. Temporary Notes may contain such references to any provisions of this Indenture as may be appropriate. Every temporary Note shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Notes. Without unreasonable delay the Issuer shall execute and shall furnish definitive Notes of such series and thereupon temporary Registered Notes of such series may be surrendered in exchange for such definitive Notes in registered form without charge at each office or agency to be maintained for such purpose in accordance with Section 3.2 and, in the case of Unregistered Notes, at any office or agency to be maintained for such purpose as specified pursuant to Section 2.3, and the Trustee shall authenticate and deliver in exchange for

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such temporary Notes of such series an equal aggregate principal amount of definitive Notes of the same series in authorized denominations and, in the case of Unregistered Notes, having attached thereto any appropriate Coupons. Until so exchanged, the temporary Notes of any series shall be entitled to the same benefits under this Indenture as definitive Notes of such series, unless otherwise established pursuant to Section 2.3. The provisions of this Section are subject to any restrictions or limitations on the issue and delivery of temporary Unregistered Notes of any series that may be established pursuant to Section 2.3 (including any provision that Unregistered Notes of such series initially be issued in the form of a single Global Unregistered Note to be delivered to a depository or agency located outside the United States and the procedures pursuant to which definitive Unregistered Notes of such series would be issued in exchange for such temporary global Unregistered Note).

ARTICLE THREE

COVENANTS OF THE ISSUER

Section 3.1 Payment of Principal and Interest. The Issuer covenants

and agrees for the benefit of each series of Notes that it will duly and punctually pay or cause to be paid the principal of, and interest on, each of the Notes of such series (together with any additional amounts payable pursuant to the terms of such Notes) at the place or places, at the respective times and

in the manner provided in such Notes and in the Coupons, if any, appertaining thereto and in this Indenture. The interest on Notes with Coupons attached (together with any additional amounts payable pursuant to the terms of such Notes) shall be payable only upon presentation and surrender of the several Coupons for such interest installments as are evidenced thereby as they severally mature. If any temporary Unregistered Note provides that interest thereon may be paid while in temporary form, the interest on any such temporary Unregistered Note (together with any additional amounts payable pursuant to the terms of such Note) shall be paid, as to the installments of interest evidenced by Coupons attached thereto, if any, only upon presentation and surrender thereof, and, as to the other installments of interest, if any, only upon presentation of such temporary Unregistered Note for notation thereon of the payment of such interest, in each case subject to any restrictions that may be established pursuant to Section 2.3. The interest on Registered Notes (together with any additional amounts payable pursuant to the terms of such Notes) shall be payable only to or upon the written order of the Holders thereof and, at the option of the Issuer, may be paid by wire transfer or by mailing checks for such interest payable to or upon the written order of such Holders at their last addresses as they appear on the registry books of the Issuer.

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Section 3.2 Offices for Payments, etc. So long as any Unregistered

Notes are Outstanding hereunder, the Issuer will maintain one or more offices or agencies in a city or cities located outside the United States (including any city in which such an office or agency is required to be maintained under the rules of any stock exchange on which the Notes of any series are listed) where the Unregistered Notes of each series and the Coupons, if any, appertaining thereto may be presented for payment. No payment on any Unregistered Note or Coupon will be made upon presentation of such Unregistered Note or Coupon at an office or agency of the Issuer within the United States, nor will any payment be made by transfer to an account in, or by mail to an address in, the United States unless pursuant to applicable United States laws and regulations then in effect such payment can be made without adverse tax consequences to the Issuer. Notwithstanding the foregoing, payments in Dollars on Unregistered Notes of any series and Coupons appertaining thereto may be made at an office or agency of the Issuer maintained in the United States, if such payment in Dollars at each office or agency maintained by the Issuer outside the United States for payment on such Unregistered Notes is illegal or effectively precluded by exchange controls or other similar restrictions.

The Issuer will give to the Trustee written notice of the location of each such office or agency and of any change of location thereof. Except as expressly provided in this Section, presentations and demands under this Indenture may be made and notices may be served at the Corporate Trust Office of the Trustee.

The Issuer may from time to time designate one or more additional offices or agencies where the Notes of any series and any Coupons appertaining thereto may be presented for payment, where the Notes of such series may be presented for exchange as in this Indenture provided and where the Registered

Notes of such series may be presented for registration of transfer as in this Indenture provided, and the Issuer may from time to time rescind any such designation; provided, however, that no such designation or rescission shall in

any manner relieve the Issuer of its obligation to maintain any office or agency provided for in this Section. The Issuer will give to the Trustee prompt written notice of any such designation or rescission thereof.

Section 3.3 Appointment to Fill a Vacancy in Office of Trustee. The

Issuer, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 6.10, a Trustee, so that there shall at all times be a Trustee with respect to each series of Notes hereunder.

Section 3.4 Paying Agents. Whenever the Issuer shall appoint a

paying agent other than the Trustee with respect to the

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Notes of any series, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section:

(a) that it will hold all sums received by it as such agent for the payment of the principal of or interest on the Notes of such series (whether such sums have been paid to it by the Issuer or by any other obligor on the Notes of such series) in trust for the benefit of the Holders of the Notes of such series and the Coupons appertaining thereto, if any, or of the Trustee; and

(b) that it will give the Trustee notice of any failure by the Issuer (or by any other obligor on the Notes of such series) to make any payment of the principal of or interest on the Notes of such series when the same shall be due and payable.

The Issuer will, on or prior to each due date of the principal of or interest on the Notes of any series, deposit with the paying agent a sum sufficient to pay such principal or interest so becoming due, and (unless such paying agent is the Trustee) the Issuer will promptly notify the Trustee of any failure to take such action.

If the Issuer shall act as its own paying agent with respect to the Notes of any series, it will, on or before each due date of the principal of or interest on the Notes of such series, set aside, segregate and hold in trust for the benefit of the Holders of the Notes of such series or the Coupons, if any, appertaining thereto a sum sufficient to pay such principal or interest so becoming due. The Issuer will promptly notify the Trustee of any failure to take such action.

Anything in this Section to the contrary notwithstanding, but subject to Section 10.1, the Issuer may at any time, for the purpose of obtaining a

satisfaction and discharge with respect to one or more or all series of Notes hereunder, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust for any such series by the Issuer or any paying agent hereunder, as required by this Section, such sums to be held by the Trustee upon the trusts herein contained.

Anything in this Section to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section is subject to the provisions of Sections 10.3 and 10.4.

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Section 3.5 Opinions of Counsel. The Issuer will cause this

Indenture, any indentures supplemental to this Indenture, and any financing or continuation statements to be promptly recorded and filed and rerecorded and refiled in such a manner and in such places, if any, as may be required by law in order fully to preserve, protect and perfect the security interest of the Trustee in the Collateral Bonds and all rights of the Trustee, and will deliver to the Trustee:

(a) promptly after the execution and delivery of this Indenture and of any indenture supplemental to this Indenture, an Opinion of Counsel either stating that in the opinion of such counsel this Indenture or such supplemental indenture and any financing or continuation statements have been properly recorded and filed so as to make effective and to perfect the security interest of the Trustee, for the benefit of the holders from time to time of the Notes, in the Collateral Bonds intended to be created by this Indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to perfect or make such security interest effective and stating what, if any, action of the foregoing character may reasonably be expected to become necessary prior to the next succeeding February 1 to maintain, perfect and make such security interest effective; and

(b) on or before February 1 of each year, beginning in 1995, an Opinion of Counsel either stating that in the opinion of such counsel such action has been taken, since the date of the most recent Opinion of Counsel furnished pursuant to this Section 3.5(b) or the first Opinion of Counsel furnished pursuant to Section 3.5(a), with respect to the recording, filing, rerecording, or refiled of this Indenture, each supplemental indenture and any financing or continuation statements, as is necessary to maintain and perfect the security interest of the Trustee, for the benefit of the holders from time to time of the Notes, in the Collateral Bonds intended to be created by this Indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain and perfect such security interest and stating what, if any, action of the foregoing character may reasonably be expected to become necessary prior to the next succeeding February 1 to maintain, perfect and make such security interest effective.

Section 3.6 Limitations on Issuance of Notes. No Notes shall be

issued hereunder if, after giving effect to such issuance, the aggregate principal amount of the Outstanding Notes would exceed the aggregate Stated Principal Amounts of the Collateral Bonds.

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ARTICLE FOUR

NOTEHOLDERS LISTS AND REPORTS BY THE
ISSUER AND THE TRUSTEE

Section 4.1 Issuer to Furnish Trustee Names and Addresses of

Noteholders. The Issuer and any other obligor on the Notes covenant and agree

that they will furnish or cause to be furnished to the Trustee a list in such form as the Trustee may reasonably require of the names and addresses of the Holders of the Registered Notes of each series:

(a) semi-annually and not more than 15 days after each Record Date for the payment of interest on such Registered Notes, as of such Record Date and on dates to be determined pursuant to Section 2.3 for non-interest bearing Registered Notes, in each year; and

(b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Issuer of any such request, as of a date not more than 15 days prior to the time such information is furnished;

provided that if and so long as the Trustee shall be the Note Registrar for such

series and all of the Notes of such series are Registered Notes, such list shall not be required to be furnished.

Section 4.2 Preservation and Disclosure of Noteholders Lists. (a)

The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders of each series of Registered Notes (i) contained in the most recent list furnished to it as provided in Section 4.1, (ii) received by it in the capacity of Note Registrar for such series, if so acting, and (iii) filed with it within the two preceding years pursuant to Section 4.4(c)(ii). The Trustee may destroy any list furnished to it as provided in Section 4.1 upon receipt of a new list so furnished.

(b) In case three or more Holders of Notes (hereinafter referred to as "applicants") apply in writing to the Trustee and furnish to the Trustee reasonable proof that each such applicant has owned a Note for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of Notes of a particular series (in which case the applicants must all hold Notes of such

series) or with Holders of all Notes with respect to their rights under this Indenture or under such Notes and such application is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five Business

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Days after the receipt of such application, at its election, either

(i) afford to such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section; or

(ii) inform such applicants as to the approximate number of Holders of Registered Notes of such series or of all Registered Notes, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee, in accordance with the provisions of such subsection (a) and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford to such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder of such series or all Holders of Registered Notes, whose name and address appears in the information preserved at the time by the Trustee in accordance with the provisions of such subsection (a) a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the Holders of Registered Notes of such series or of all Registered Notes, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met, and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every Holder of Notes and Coupons, by receiving and holding the same, agrees with the Issuer and the Trustee that neither the Issuer nor the Trustee nor any agent of

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the Issuer or the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders of Notes in accordance with the provisions of subsection (b) of this Section, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection (b).

Section 4.3 Reports by the Issuer. The Issuer covenants:

(a) to file with the Trustee, within 15 days after the Issuer is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Issuer may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or if the Issuer is not required to file information, documents or reports pursuant to either of such Sections, then to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents, and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a debt security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Issuer with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations;

(c) to transmit by mail to the Holders of Notes within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in Section 4.4(c), such summaries of any information, documents and reports required to be filed by the Issuer pursuant to subsections (a) and (b) of this Section as may be required to be transmitted to such Holders by rules and regulations prescribed from time to time by the Commission; and

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(d) to furnish to the Trustee, not less often than annually, a brief certificate from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Issuer's compliance with all conditions and covenants under this Indenture (such compliance to be determined without regard to any period of grace or requirement of notice provided under this Indenture).

Section 4.4 Reports by the Trustee. (a) Within 60 days after

February 15 of each year, commencing with the year 1995, the Trustee shall transmit by mail to the Holders of the Notes of each series, as provided in subsection (c) of this Section, a brief report dated as of such February 15 with respect to any of the following events which may have occurred within the twelve-month period ending on such February 15 (but if no event has occurred within such period no report need be transmitted):

(i) any change to its eligibility under Section 6.9 and its qualification under Section 6.8;

(ii) the creation of or any material change to a relationship specified in Section 6.8(c);

(iii) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Notes of such series, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Notes of such series Outstanding on the date of such report;

(iv) any change to the amount, interest rate and maturity date of all other indebtedness owing by the Issuer (or by any other obligor on the Notes) to the Trustee in its individual capacity on the date of such report, with a brief description of any property held as collateral security therefor, except any indebtedness based upon a creditor relationship arising in any manner described in Section 6.13(b) (2), (3), (4) or (6);

(v) any change to the property and funds, if any, physically in the possession of the Trustee (as such) on the date of such report;

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(vi) any release, or release and substitution of property subject to the lien of the Indenture (and the consideration therefor, if any) which the Trustee has not previously reported;

(vii) any additional issue of Notes which the Trustee has not previously reported; and

(viii) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Notes of such series, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 5.11.

(b) The Trustee shall transmit to the Holders of each series, as provided in subsection (c) of this Section, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the

circumstances surrounding the making thereof) made by the Trustee, as such, since the date of the last report transmitted pursuant to the provisions of subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of this Indenture) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Notes of such series, on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this subsection (b), except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Notes of such series outstanding at such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this Section shall be transmitted by mail:

(i) to all Holders of Registered Notes, as the names and addresses of such Holders appear upon the Note Register;

(ii) to such other Holders of Notes as have, within two years preceding such transmission, filed their names and addresses with the Trustee for that purpose; and

(iii) except in the case of reports pursuant to subsection (b), to each Holder of a Note whose name and address are preserved at the time by the Trustee as provided in Section 4.2(a).

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(d) A copy of each such report shall, at the time of such transmission to the Holders, be furnished to the Issuer and be filed by the Trustee with each stock exchange, if any, upon which the Notes of any series are listed and also with the Commission. The Issuer agrees to notify the Trustee when and as the Notes of such series become admitted to trading on any national securities exchange.

ARTICLE FIVE

REMEDIES OF THE TRUSTEE AND NOTEHOLDERS ON EVENT OF DEFAULT

Section 5.1 Event of Default Defined; Acceleration of Maturity;

Waiver of Default. "Event of Default" with respect to Notes of any series,

wherever used herein, means each of the following events which shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any installment of interest upon any of

the Notes of such series as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(b) default in the payment of all or any part of the principal of any of the Notes of such series as and when the same shall become due and payable, whether at maturity, upon any redemption, by declaration or otherwise; or

(c) default in the deposit of any sinking fund or analogous payment for the benefit of the Notes of such series as and when the same shall become due and payable; or

(d) failure on the part of the Issuer duly to observe or perform any other of the covenants or agreements on the part of the Issuer in the Notes of such series or in this Indenture contained (other than a covenant or agreement expressly included herein solely for the benefit of Notes of other series) for a period of 60 days after the date on which written notice specifying such failure, stating that such notice is a "Notice of Default" hereunder and demanding that the Issuer remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Issuer by the Trustee, or to the

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Issuer and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Outstanding Notes of all series affected thereby; or

(e) an event of default (as defined in the First Mortgage) has occurred and is continuing, and the Mortgage Trustee, the Issuer or the holders of at least 25% in aggregate principal amount of the Outstanding Notes shall have given written notice thereof to the Trustee; or

(f) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Issuer or for any substantial part of the property of the Issuer, or ordering the winding up or liquidation of the affairs of the Issuer, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(g) the Issuer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Issuer or for any substantial part of the property of the Issuer, or make any general assignment for the benefit of creditors; or

(h) any other Event of Default provided in or pursuant to the

supplemental indenture or Board Resolution establishing the terms of such series of Notes as provided in Section 2.3 or in the form of Note for such series;

then, and in each and every such case, the Trustee shall demand the redemption of the Collateral Bonds in accordance with Article I, Section 5 of the Mortgage Supplemental Indenture and, unless the principal of all the Notes shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of all the Notes then Outstanding (voting as one class), by notice in writing to the Issuer (and to the Trustee if given by such Holders), may declare the entire principal of all the Notes then Outstanding and interest accrued thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

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The foregoing paragraph, however, is subject to the condition that if, at any time after the principal of the Notes of one or more series shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided and before the redemption of the Collateral Bonds, the Issuer shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all the Notes of such series and the principal of all Notes of such series which shall have become due otherwise than by acceleration (with interest upon such principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Notes) specified in the Notes of such series, to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of negligence or bad faith, and if any and all Events of Default under this Indenture with respect to such series, other than the non-payment of the principal of Notes of such series which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein - then, and in every such case, the Holders of a majority in aggregate principal amount of all the Notes of such affected series then Outstanding (voting as one class, except in the case of Events of Default described in clauses (a), (b) and (c) of such paragraph, in which case each series of Notes as to which such an Event of Default shall have occurred shall vote as a separate class), by written notice to the Issuer and to the Trustee, may direct the Trustee to withdraw the demand for the redemption of the Collateral Bonds and waive all defaults with respect to such series and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

For all purposes under this Indenture, if a portion of the principal of any Original Issue Discount Notes shall have been accelerated and declared due and payable pursuant to the provisions hereof, then, from and after such declaration, unless such declaration has been rescinded and annulled, the

principal amount of such Original Issue Discount Notes shall be deemed, for all purposes hereunder, to be such portion of the principal thereof as shall be due and payable as a result of such acceleration, and payment of such portion of the principal thereof as shall be due and payable as a result of such acceleration, together with interest, if any, thereon and all other amounts owing thereunder, shall constitute payment in full of such Original Issue Discount Notes.

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Section 5.2 Collection of Indebtedness by Trustee; Trustee May Prove

Debt. The Issuer covenants that (a) in case default shall be made in the
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payment of any installment of interest on any of the Notes of any series when such interest shall have become due and payable, and such default shall have continued for a period of 30 days, or (b) in case default shall be made in the payment of all or any part of the principal of any of the Notes of any series when the same shall have become due and payable, whether at maturity, upon redemption, by declaration or otherwise -- then, upon demand of the Trustee, the Issuer will pay to the Trustee for the benefit of the Holders of the Notes of such series the whole amount that then shall have become due and payable on all Notes of such series, including all Coupons, for principal or interest, as the case may be (with interest to the date of such payment upon the overdue principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Notes) specified in the Notes of such series); and in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith.

Until such demand is made by the Trustee, the Issuer may pay the principal of and interest on the Notes of such series to the Holders, whether or not the Notes of such series be overdue.

In case the Issuer shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Issuer or other obligor upon the Notes of such series and collect in the manner provided by law out of the property of the Issuer or other obligor upon the Notes of such series, wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings relative to the Issuer or any other obligor upon the Notes of any series under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other

obligor, or in case of any other comparable judicial proceedings relative to the Issuer or such

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other obligor, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of the Notes of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(a) to file and prove a claim or claims for the whole amount of the principal and interest (or, if the Notes of any series are Original Issue Discount Notes, such portion of the principal amount as may be specified in the terms of such series) owing and unpaid in respect of the Notes of each series, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee, except as a result of negligence or bad faith) and of the Noteholders allowed in any judicial proceedings relative to the Issuer or such other obligor, or to the creditors or property of the Issuer or such other obligor;

(b) unless prohibited by applicable law and regulations, to vote on behalf of the Holders of the Notes of each series in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings; and

(c) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Noteholders and of the Trustee on their behalf; and any trustee, receiver, liquidator, custodian or other similar official is hereby authorized by each of the Noteholders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Noteholders, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, and its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of negligence or bad faith.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or

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adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes of any series or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of

any Holder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

All rights of action and of asserting claims under this Indenture, or under any of the Notes of any series or Coupons appertaining thereto, may be enforced by the Trustee without the possession of any of the Notes of such series or Coupons appertaining thereto or the production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee and its agents, attorneys and counsel, shall be for the ratable benefit of the Holders of the Notes or Coupons appertaining to such Notes in respect of which such action was taken.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the Holders of the Notes and Coupons appertaining thereto in respect to which action was taken, and it shall not be necessary to make any Holders of such Notes or Coupons parties to any such proceedings.

Section 5.3 Application of Proceeds. Any moneys collected by the

Trustee pursuant to this Article in respect of the Notes of any series shall be applied in the following order at the date or dates fixed by the Trustee and, in case of the distribution of such moneys on account of principal or interest, upon presentation of the several Notes and Coupons appertaining thereto in respect of which moneys have been collected and stamping (or otherwise noting) thereon the payment, or issuing Notes of the same series in reduced principal amounts in exchange for the presented Notes if only partially paid, or upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses of collection applicable to such series, including reasonable compensation to the Trustee and its agents, attorneys and counsel and of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of negligence or bad faith;

SECOND: In case the principal of the Notes of such series in respect of which moneys have been collected shall not have become and be then due and payable, to the payment of interest on the Notes of

such series in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Notes) specified in such Notes, such payments to be made ratably to the Persons entitled thereto, without discrimination or preference;

THIRD: In case the principal of the Notes of such series in respect of which moneys have been collected shall have become and be then due and payable, to the payment of the whole amount then owing and unpaid upon all the Notes of such series for principal and interest, with interest upon the overdue principal, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Notes) specified in the Notes of such series; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Notes of such series, then to the payment of such principal and interest, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Note of such series over any other Note of such series, ratably to the aggregate of such principal and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Issuer or any other person lawfully entitled thereto.

Section 5.4 Suits for Enforcement. In case an Event of Default has

occurred, has not been waived and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 5.5 Restoration of Rights on Abandonment of Proceedings. In

case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then, and in every such

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case, the Issuer and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Issuer, the Trustee and the Noteholders shall continue as though no such proceedings had been taken.

Section 5.6 Limitations on Suits by Noteholders. No Holder of any

Note of any series or of any Coupon appertaining thereto shall have any right by virtue or by availing of any provision of this Indenture to institute any action or proceeding at law or in equity or in bankruptcy or otherwise upon or under or with respect to this Indenture, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy hereunder, unless such Holder previously shall have given to the Trustee written

notice of default and of the continuance thereof, as hereinbefore provided, and unless also the Holders of not less than 25% in aggregate principal amount of the Notes of each affected series then Outstanding (determined as provided in Section 5.1 and voting as one class) shall have made written request upon the Trustee to institute such action or proceedings in its own name as trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 5.9; it being understood and intended, and being expressly covenanted by the taker and Holder of every Note or Coupon with every other taker and Holder and the Trustee, that no one or more Holders of Notes of any series or Coupons appertaining thereto shall have any right in any manner whatever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of Notes or Coupons appertaining thereto, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Notes of the affected series and Coupons. For the protection and enforcement of the provisions of this Section, each and every Noteholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 5.7 Unconditional Right of Noteholders to Institute Certain

Suits. Notwithstanding any other provision in this Indenture and any provision

of any Note, the right of any Holder of any Note or Coupon to receive payment of the principal of and interest on such Note or Coupon on or after the respective due dates expressed in such Note or Coupon, or to institute suit for the enforcement of any such payment on or after such

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respective dates, shall not be impaired or affected without the consent of such Holder.

Section 5.8 Powers and Remedies Cumulative; Delay or Omission Not

Waiver of Default. Except as provided in Section 5.6, no right or remedy herein

conferred upon or reserved to the Trustee or to the Holders of Notes or Coupons is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No delay or omission of the Trustee or of any Holder of Notes or Coupons to exercise any right or power accruing upon any Event of Default

occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and, subject to Section 5.6, every power and remedy given by this Indenture or by law to the Trustee or to the Holders of Notes or Coupons may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders of Notes or Coupons.

Section 5.9 Control by Holders of Notes. The Holders of a majority

in aggregate principal amount of the Notes of each series affected at the time Outstanding (determined as provided in Section 5.1 and voting as one class) shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee with respect to the Notes of such affected series by this Indenture; provided that such direction shall not be otherwise

than in accordance with law and the provisions of this Indenture and provided

further that (subject to the provisions of Section 6.1) the Trustee shall have

the right to decline to follow any such direction if the Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors, its executive committee or a trust committee of directors or Responsible Officers of the Trustee shall determine that the action or proceedings so directed would involve the Trustee in personal liability or that the actions or forbearances specified in or pursuant to such direction would be unduly prejudicial to the interests of Holders of the Notes of all affected series not joining in the giving of said direction, it being understood that (subject to Section 6.1) the Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders.

Nothing in this Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and which is not inconsistent with such direction or directions by Noteholders.

Section 5.10 Waiver of Past Defaults. Prior to the declaration of

acceleration of the maturity of any Notes as provided in Section 5.1, the Holders of a majority in aggregate principal amount of the Notes of all series at the time Outstanding with respect to which a default or an Event of Default shall have occurred and be continuing (determined as provided in Section 5.1 and voting as one class) may on behalf of the Holders of all such affected Notes waive any past default or Event of Default described in Section 5.1 and its consequences, except a default or an Event of Default in respect of a covenant or provision hereof or of any Note which cannot be modified or amended without the consent of the Holder of each Note affected. In the case of any such waiver, the Issuer, the Trustee and the Holders of all such affected Notes shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right

consequent thereon.

Upon any such waiver, such default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured, and not to have occurred for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

Section 5.11 Trustee to Give Notice of Default, But May Withhold in

Certain Circumstances. The Trustee shall, within 90 days after the occurrence

of a default with respect to the Notes of any series, give notice of all defaults with respect to such series known to the Trustee (i) if any Unregistered Notes of such series are then Outstanding, to the Holders thereof by publication at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York, and (ii) to all Holders of Notes of such series in the manner and to the extent provided in Section 4.4(c), unless in each case such defaults shall have been cured before the mailing or publication of such notice (the term "default" for the purpose of this Article being hereby defined to mean any event or condition which is, or with notice or lapse of time or both would become, an Event of Default); provided that, except in the case of default in the payment of the principal of or the interest on any of the Notes of such series, or in the payment of any sinking fund installment or analogous payment on such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or trustees and/or Responsible Officers of the Trustee

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in good faith determines that the withholding of such notice is in the interests of the Noteholders of such series.

Section 5.12 Right of Court to Require Filing of Undertaking to Pay

Costs. All parties to this Indenture agree, and each Holder of any Note or

Coupon by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Noteholder or group of Noteholders of any series holding in the aggregate more than 10% in aggregate principal amount of the Notes of such series, or, in the case of any suit relating to or arising under clause (d) or (h) of section 5.1 (if the suit relates to the Notes of more than one but less than all series), 10% in aggregate principal amount of the Notes then Outstanding and affected thereby, or, in the case of any suit

relating to or arising under clause (d) or (h) (if the suit relates to all the Notes then Outstanding), or clause (f) or (g) of Section 5.1, 10% in aggregate principal amount of all Notes then Outstanding, or to any suit instituted by any Noteholder for the enforcement of the payment of the principal of or the interest (including interest evidenced by any Coupon) on any Note on or after the due date expressed in such Note or Coupon or any date fixed for redemption.

ARTICLE SIX

CONCERNING THE TRUSTEE

Section 6.1 Duties and Responsibilities of the Trustee; During

Default; Prior to Default. The Trustee, prior to the occurrence of an Event of

Default with respect to the Notes of a particular series and after the curing or waiving of all Events of Default which may have occurred with respect to such series, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default with respect to the Notes of a particular series has occurred (which has not been cured or waived), the Trustee shall exercise with respect to such series such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

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No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that

(a) prior to the occurrence of an Event of Default with respect to the Notes of any series and after the curing or waiving of all such Events of Default which may have occurred with respect to such series:

(i) the duties and obligations of the Trustee with respect to the Notes of such series shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such statements, certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether

or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with an appropriate direction of the Holders pursuant to Section 5.9 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

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None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that the repayment of such funds or adequate indemnity against such liability is not reasonably assured to it.

Section 6.2 Certain Rights of the Trustee. Subject to Section 6.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or other certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, Coupon, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the secretary or an assistant secretary of the Issuer;

(c) the Trustee may consult with counsel and any written advice or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities which might be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture;

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(f) prior to the occurrence of an Event of Default with respect to the Notes of any series and after the curing or waiving of all such Events of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture, note, Coupon, security or other paper or document unless requested in writing so to do by the Holders of not less than a majority in aggregate principal amount of the Notes of all affected series then Outstanding; provided that, if the payment within a reasonable

time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such costs, expenses or liabilities as a condition to proceeding; the reasonable expenses of every such investigation shall be paid by the Issuer or, if paid by the Trustee, shall be repaid by the Issuer upon demand; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys not regularly in its employ, and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed with due care by it hereunder.

Section 6.3 Trustee Not Responsible for Recitals, Disposition of

Notes or Application of Proceeds Thereof. The recitals contained herein and in

the Notes, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Indenture or of the Notes or Coupons. The Trustee shall not be accountable for the use or application by the Issuer of any of the Notes or of the proceeds thereof.

Section 6.4 Trustee and Agents May Hold Notes or Coupons;

Collections, etc. The Trustee or any agent of the Issuer or the Trustee, in its

individual or any other capacity, may become the owner or pledgee of Notes or Coupons with the same rights it would have if it were not the Trustee or such agent and, subject to Sections 6.8 and 6.13, may otherwise deal with the Issuer and receive, collect, hold and retain collections from the Issuer with the same rights it would have if it were not the Trustee or such agent.

Section 6.5 Moneys Held by Trustee. Subject to the provisions of

Section 10.4, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Neither the Trustee nor any agent of the Issuer or the Trustee shall be under any liability for interest on any moneys received by it hereunder.

Section 6.6 Compensation and Indemnification of Trustee and Its Prior

Claim. The Issuer covenants and agrees to pay to the Trustee from time to time,

and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and the Issuer covenants and agrees to pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of it in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Issuer also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including the costs and expenses of defending itself against or investigating any claim of liability in the premises. The obligations of the Issuer under this Section to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall be a senior claim to that of the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Holders of particular Notes or Coupons, and the Notes are hereby subordinated to such senior claim. When the Trustee incurs expenses after the occurrence of a default, the expenses are intended to constitute expenses of administration under any bankruptcy law.

Section 6.7 Right of Trustee to Rely on Officers' Certificate, etc.

Subject to Sections 6.1 and 6.2, whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers'

Certificate delivered to the Trustee, and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture in reliance thereon.

Section 6.8 Qualification of Trustee; Conflicting Interests. (a) If

the Trustee has or shall acquire any conflicting interest, as defined in this Section, it shall, within 90 days after ascertaining that it has such conflicting interest, and if the default (as defined in subsection (c) of this Section) to which such conflicting interest relates has not been cured or duly waived or otherwise eliminated before the end of such 90-day period, either eliminate such conflicting interest or, except as otherwise provided in Section 6.10(e), resign in the manner and with the effect specified in this Article.

(b) In the event that the Trustee shall fail to comply with the provisions of subsection (a) of this Section, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit by mail notice of such failure to the Noteholders in the manner and to the extent required by Section 4.4(c) and, if any Unregistered Notes are then Outstanding, shall publish notice of such failure at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York. Subject to the provisions of Section 5.12, unless the Trustee's duty to resign is stayed as provided in Section 6.10(e), any Noteholder who has been a bona fide Noteholder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee, and the appointment of a successor, if the Trustee fails, after written request thereof by such Noteholder, to comply with the provisions of subsection (a) of this Section.

(c) For the purposes of this Section, the Trustee shall be deemed to have a conflicting interest with respect to Notes of any series if such Notes are in default (as such term is defined in this Indenture, but exclusive of any period of grace or requirement of notice) and

(i) the Trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Issuer are outstanding, or is a trustee for more than one outstanding series of securities under a single indenture of the Issuer, unless such other indenture is a collateral trust indenture under which the only collateral consists of Notes issued under this Indenture; provided that there shall be excluded from the operation of this paragraph other series under this Indenture, and any other

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indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Issuer are outstanding, if

(1) this Indenture and such other indenture or indentures (and all series of securities issuable thereunder) are wholly unsecured and

rank equally and such other indenture or indentures (and such series) are specifically described in this Indenture or hereafter qualified under the Trust Indenture Act of 1939, unless the Commission shall have found and declared by order pursuant to Section 305(b) or Section 307(c) of the Trust Indenture Act of 1939 that differences exist between the provisions of this Indenture (or such series) and the provisions of such other indenture or indentures (or such series) which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture and such other indenture or indentures, or

(2) the Issuer shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture and such other indenture or indentures or under more than one outstanding series under a single indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify such Trustee from acting as such under one of such indentures or with respect to such series;

(ii) the Trustee or any of its directors or executive officers is an underwriter for the Issuer;

(iii) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with an underwriter for the Issuer;

(iv) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Issuer, or of an underwriter (other than the Trustee itself) for the Issuer who is currently engaged in the business of underwriting, except that (x) one individual may be a director or an executive officer, or both, of the Trustee and a director or an executive officer, or both, of the Issuer, but may not be at the same time an executive officer of both the Trustee and the Issuer; (y) if and so long as the number of directors of the

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Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Issuer; and (z) the Trustee may be designated by the Issuer or by any underwriter for the Issuer to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depository, or in any other similar capacity, or, subject to the provisions of subsection (c) (i) of this Section, to act as trustee, whether under an indenture or otherwise;

(v) 10% or more of the voting securities of the Trustee is beneficially owned either by the Issuer or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or

10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Issuer or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(vi) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, (x) 5% or more of the voting securities, or 10% or more of any other class of security of the Issuer, not including the Notes issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (y) 10% or more of any class of security of an underwriter for the Issuer;

(vii) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Issuer;

(viii) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Issuer;

(ix) the Trustee owns, on the date of default upon the Notes (as such term is defined in this Indenture but exclusive of any period of grace or requirement of notice) or any anniversary of such default while such default upon the Notes remains outstanding, in the capacity of executor, administrator, testamentary or

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inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any Person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under clause (vi), (vii) or (viii) of this subsection. As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after the dates of any such default upon the Notes and annually in each succeeding year that the Notes remain in default, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such dates. If the Issuer fails to make payment in full of principal of or interest on any of the Notes when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of

this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of clauses (vi), (vii) and (viii) of this subsection; or

(x) except under the circumstances described in subsections (1), (3), (4), (5) or (6) of Section 6.13(b), the Trustee shall be or become a creditor of the Issuer.

The specification of percentages in clauses (v) to (ix), inclusive, of this subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of clauses (iii) or (vii) of this subsection.

For the purposes of clauses (vi), (vii), (viii) and (ix) of this subsection only,

(i) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or

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other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness;

(ii) an obligation shall be deemed to be "in default" when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and

(iii) the Trustee shall not be deemed to be the owner or holder of (x) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (y) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (z) any security which it holds as agent for collection, or as custodian, escrow agent or depository, or in any similar representative capacity.

Except as provided above, the word "security" or "securities", as used in this Section, shall mean any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

(d) For purposes of this Section:

(i) the term "underwriter", when used with reference to the Issuer, shall mean every person who, within one year prior to the time as of which the determination is made, has purchased from the Issuer with a view to, or has offered or sold for the Issuer in connection with, the distribution of any security of the Issuer outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer

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not in excess of the usual and customary distributors' or sellers' commission;

(ii) the term "director" shall mean any director of a corporation or any individual performing similar functions with respect to any organization, whether incorporated or unincorporated;

(iii) the term "person" shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization or a government or political subdivision thereof; as used in this clause, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security;

(iv) the term "voting security" shall mean any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person;

(v) the term "Issuer" shall mean any obligor upon the Notes; and

(vi) the term "executive officer" shall mean the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization, whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(e) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(i) a specified percentage of the voting securities of the Trustee,

the Issuer or any other person referred to in this Section (each of whom is referred to as a "person" in this subsection) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person;

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(ii) a specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding;

(iii) the term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security;

(iv) the term "outstanding" means issued and not held by or for the account of the issuer; the following securities shall not be deemed outstanding within the meaning of this definition:

(A) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(B) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(C) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(D) securities held in escrow if placed in escrow by the issuer thereof;

provided that any voting securities of an issuer shall be deemed

outstanding if any person other than the issuer is entitled to exercise the voting rights thereof; and

(v) a security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided that, in the case of

secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes and provided, further, that, in the case of unsecured

evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to

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constitute them securities of different classes, whether or not they are issued under a single indenture.

Section 6.9 Persons Eligible for Appointment as Trustee. There shall

at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any State thereof or the District of Columbia having a combined capital and surplus of at least \$5,000,000, and which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by Federal, State or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then, for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 6.10.

Section 6.10 Resignation and Removal; Appointment of Successor

Trustee. (a) The Trustee, or any trustee or trustees hereafter appointed, may

at any time resign and be discharged of the trusts created by this Indenture by giving written notice of resignation to the Issuer and (i) if any Unregistered Notes are then Outstanding, by giving notice of such resignation to the Holders thereof by publication at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York, (ii) if any Unregistered Notes are then Outstanding, by mailing notice of such resignation to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c) (ii) at such addresses as were so furnished to the Trustee and (iii) by mailing notice of such resignation to the Holders of the then Outstanding Registered Notes at their addresses as they shall appear on the Note registry books. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor trustee or trustees with respect to the applicable series by written instrument, in duplicate, executed by authority of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee or trustees. If no successor trustee shall have been so appointed with respect to any series and shall have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Holder who has been a bona fide Holder of a Note or Notes of such series for at least six months may, subject to the provisions of Section 5.12, on behalf of such Holder and all others similarly situated, petition any such court

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for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall fail to comply with the provisions of Section 6.8 after written request therefor by the Issuer or by any Holder who has been a bona fide Holder of a Note or Notes of such series for at least six months; or

(ii) the Trustee shall cease to be eligible in accordance with the provisions of Section 6.9 and shall fail to resign after written request therefor by the Issuer or by any Holder; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver or liquidator of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, the Issuer may remove the Trustee with respect to the Notes of any or all series, as appropriate, and appoint a successor trustee for such series by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee or trustees, or, subject to the provisions of Section 5.12, any Holder who has been a bona fide Holder of a Note or Notes of such series for at least six months may, on behalf of such Holder and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of a majority in aggregate principal amount of the Notes at the time Outstanding may at any time remove the Trustee and appoint a successor trustee by delivering to the Trustee so removed, to the successor trustee so appointed and to the Issuer the evidence provided for in Section 7.1 of the action in that regard taken by the Holders.

(d) Any resignation or removal of the Trustee and any appointment of a successor trustee pursuant to any of the provisions of this Section shall become effective upon acceptance

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of appointment by the successor trustee as provided in Section 6.11.

(e) Except in the case of a default in the payment of the principal of or interest on any Note, or in the payment of any sinking or purchase fund installment, the Trustee shall not be required to resign as provided by Section 6.8 if the Trustee shall have sustained the burden of proving, on application to

the Commission and after opportunity for hearing thereon, that:

(i) the default under this Indenture may be cured or waived during a reasonable period and under the procedures described in such application; and

(ii) a stay of the Trustee's duty to resign will not be inconsistent with the interests of the Noteholders.

Section 6.11 Acceptance of Appointment by Successor Trustee. Any

successor trustee appointed as provided in Section 6.10 shall execute, acknowledge and deliver to the Issuer and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all rights, powers, trusts and duties of its predecessor hereunder, with like effect as if originally named as trustee hereunder; but, nevertheless, on the written request of the Issuer or of the successor Trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall, subject to Section 10.4, pay over and transfer to the successor Trustee all moneys and property at the time held by it hereunder (including all right, title and interest in the Collateral Bonds) and shall execute, acknowledge and deliver an instrument transferring to such successor Trustee all such rights, powers, trusts and duties. Upon request of any such successor Trustee, the Issuer shall execute and acknowledge any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Trustee all such money, property, rights, powers and trusts. Any Trustee ceasing to act shall, nevertheless, retain a prior claim upon all property or funds held or collected by such Trustee for the benefit of such applicable series to secure any amounts then due it pursuant to the provisions of Section 6.6.

No successor Trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 6.8 and eligible under the provisions of Section 6.9.

Upon acceptance of appointment by any successor Trustee as provided in this Section, the Issuer shall give notice thereof (a) if any Unregistered Notes are then Outstanding, to the

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holders thereof by publication of such notice at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York, (b) if any Unregistered Notes are then Outstanding, to the holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii) by mailing such notice to such holders at such addresses as were so furnished to the Trustee (and the Trustee shall make such information available to the Issuer for such purpose) and (c) to the holders of Registered Notes, by mailing such notice to such holders at their addresses as they shall appear on the Note registry books. If the acceptance of appointment is substantially

contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 6.10. If the Issuer fails to give such notice within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be given at the expense of the Issuer.

Section 6.12 Merger, Conversion, Consolidation or Succession to

Business of Trustee. Any corporation into which the Trustee may be merged or

converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such

corporation shall be qualified under the provisions of Section 6.8 and eligible under the provisions of Section 6.9, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time of such succession to the Trustee any of the Notes of any series shall have been authenticated but not delivered, any such successor Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver the Notes so authenticated; and, in case at that time any of the Notes of any series shall not have been authenticated, any successor Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of such successor Trustee; and in all such cases such certificate of authentication shall have the full force which it is anywhere in the Notes of such series or in this Indenture provided that the certificate of authentication of the Trustee shall have; provided that the right to adopt the certification of

any predecessor Trustee or to authenticate Notes of any series in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 6.13 Preferential Collection of Claims Against the Issuer.

(a) Subject to the provisions of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Issuer within three

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months prior to a default, as defined in subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the Holders of the Notes and Coupons and the holders of other indenture securities (as defined in such subsection (c)):

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such three months' period and valid as

against the Issuer and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in clause (2) of this subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Issuer upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such three months' period, or an amount equal to the proceeds of any such property if disposed of, subject, however, to the rights, if any, of the Issuer and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than the Issuer) who is liable thereon, (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Issuer in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable state law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such three months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such three months' period and such property was received as

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security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default as defined in subsection (c) of this Section would occur within three months; or

(D) to receive payment on any claim referred to in clause (B) or (C) of this subsection, against the release of any property held as security for such claim as provided in such clause (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of clauses (B), (C) and (D), property substituted after the beginning of such three months period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such clauses is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-

existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned among the Trustee, the Holders and the holders of other indenture securities in such manner that the Trustee, the Holders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Issuer in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Issuer of the funds and property in such special account and before crediting to the respective claims of the Trustee, the Holders and the holders of other indenture securities dividends on claims filed against the Issuer in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such

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claim. The court in which such bankruptcy, receivership or proceeding for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Holders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee, the Holders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee who has resigned or been removed after the beginning of such three-months' period shall be subject to the provisions of this subsection as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such three-months' period, it shall be subject to the provisions of this subsection if and only if the following conditions exist:

- (i) the receipt of property or reduction of claim which would have

given rise to the obligation to account, if such Trustee had continued as trustee, occurred after the beginning of such three-months' period; and

(ii) such receipt of property or reduction of claim occurred within three months after such resignation or removal.

(b) There shall be excluded from the operation of this Section a creditor relationship arising from:

(1) ownership or acquisition of securities issued under any indenture or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture for the purpose of preserving any property which shall at anytime be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advance and of the circumstances surrounding the making

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thereof is given to the Noteholders at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depository, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in subsection (c) (3) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Issuer; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in subsection (c) (4) of this Section.

(c) As used in this Section:

(1) the term "default" shall mean any failure to make payment in full of the principal of or interest upon any of the Notes or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) the term "other indenture securities" shall mean securities upon

which the Issuer is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of subsection (a) of this Section and (iii) under which a default exists at the time of the apportionment of the funds and property held in said special account;

(3) the term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation

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which is made, drawn, negotiated or incurred by the Issuer for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Issuer arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation; and

(5) the term "Issuer" shall mean any obligor upon the Notes.

Section 6.14 Appointment of Authenticating Agent. As long as any

Notes of a series remain Outstanding, the Trustee may, by an instrument in writing, appoint with the approval of the Issuer an authenticating agent (the "Authenticating Agent") which shall be authorized to act on behalf of, but subject to the direction of, the Trustee to authenticate Notes of such series, including Notes issued upon exchange, registration of transfer, partial redemption or pursuant to Section 2.9. Notes of such series so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee. Whenever reference is made in this Indenture to the authentication and delivery of Notes of any series by the Trustee or to the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent for such series and a certificate of authentication executed on behalf of the Trustee by such Authenticating Agent. Such Authenticating Agent shall at all times be a corporation organized and doing business under the laws of the United States of America or of any State thereof or of the District of Columbia authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$5,000,000 (determined as provided in Section 6.9 with respect to the Trustee) and subject to supervision or examination by Federal or State authority.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of any Authenticating Agent, shall be the successor to such Authenticating Agent with respect to all series of Notes for which it served as Authenticating Agent

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without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent.

Any Authenticating Agent may at any time, and if it shall cease to be eligible hereunder shall, resign by giving written notice of resignation to the Trustee and to the Issuer. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice thereof to such Authenticating Agent and the Issuer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall upon receipt of an Issuer Order appoint a successor Authenticating Agent and shall provide notice of such appointment to all Holders of Notes affected thereby in the manner and to the extent provided in Section 6.11 with respect to the appointment of a successor trustee. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. The Authenticating Agent for the Notes of any series shall have no responsibility or liability for any action taken by it as such at the direction of the Trustee.

Sections 6.2, 6.3, 6.4, 6.6 and 7.3 shall be applicable to any Authenticating Agent.

ARTICLE SEVEN

CONCERNING THE NOTEHOLDERS

Section 7.1 Evidence of Action Taken by Noteholders. Any request,

demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by a specified percentage in aggregate principal amount of the Holders of one or more series of Notes may be evidenced (i) by one or more instruments of substantially similar tenor signed by such specified percentage of Holders in person or by agent or proxy duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee; (ii) by the record of such specified percentage of Holders voting in favor thereof at any meeting of such Holders duly called and held by the Trustee; and (iii) by a combination of such instrument or instruments and any such record of a meeting.

Section 7.2 Proof of Execution of Instruments and of Holding of

Notes. Subject to Sections 6.1 and 6.2, the execution of any instrument by a

Holder or his agent or proxy and proof of the holding by any Person of any of
the Notes of any series shall be sufficient if made in the following manner:

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(a) The fact and date of the execution by any such Person of any instrument may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute sufficient proof of the authority of the Person executing the same. The ownership of an Unregistered Note of any series, or of any Coupon attached thereto at its issuance, and the identifying number of such Note and the date of such ownership, may be proved by the production of such Note or Coupon or by a certificate executed by any trust company, bank, banker or recognized securities dealer, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory. Each such certificate shall be dated and shall state that on the date thereof a Note of such series bearing a specified identifying number was deposited with or exhibited to such trust company, bank, banker or recognized securities dealer by the person named in such certificate. Any such certificate may be issued in respect of one or more Unregistered Notes of one or more series specified therein. The ownership by the Person named in any such certificate of any Unregistered Note specified therein shall be presumed to continue unless at the time of any determination of such ownership and holding (1) another certificate bearing a later date issued in respect of such Note shall be produced, (2) such Note shall be produced by some other Person or (3) such Note shall have ceased to be Outstanding. Subject to Sections 6.1 and 6.2, the fact and date of the execution of any such instrument and the ownership, amount and numbers of any Unregistered Notes may also be proven in accordance with such reasonable rules and regulations as may be prescribed by the Trustee for any series or in any other manner which the Trustee may deem sufficient.

(b) In the case of Registered Notes, the ownership of such Notes shall be proved by the Note Register or by a certificate of the Note Registrar.

Section 7.3 Holders to Be Treated as Owners. The Issuer, the Trustee

and any agent of the Issuer or the Trustee may deem and treat the Person in whose name any Note of any series shall be registered upon the Note Register for such series as the absolute owner of such Note (whether or not such Note

shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of and, subject to the provisions of this Indenture, interest on such Note and for all other purposes; and none of the Issuer, the Trustee and any agent of the Issuer or the Trustee shall be affected by any notice to the contrary. The Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Holder of any Unregistered Note and the Holder of any Coupon as the absolute owner of such Unregistered Note or Coupon (whether or not such Unregistered Note or Coupon shall be overdue) for the purpose of receiving payment thereof or on account thereof and for all other purposes; and none of the Issuer, the Trustee and any agent of the Issuer or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Person, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Note or Coupon.

Section 7.4 Notes Owned by Issuer Deemed Not Outstanding. In

determining whether the Holders of the requisite aggregate principal amount of Outstanding Notes of one or more series have concurred in any direction, consent or waiver under this Indenture, Notes which are owned by the Issuer or any other obligor on the Notes with respect to which such determination is being made or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any other obligor on the Notes with respect to which such determination is being made shall be disregarded and deemed not to be Outstanding for the purposes of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Notes which the Trustee knows are so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer or any other obligor upon such Notes or any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any other obligor on such Notes. In case of a dispute as to such right, the advice of counsel shall be full protection in respect of any decision made by the Trustee in accordance with such advice. Upon request of the Trustee, the Issuer shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Notes, if any, known by the Issuer to be owned or held by or for the account of any of the above described Persons; and, subject to Sections 6.1 and 6.2, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are Outstanding for the purposes of any such determination.

Section 7.5 Right of Revocation of Action Taken. At any time prior

to (but not after) the evidencing to the Trustee, as provided in Section 7.1, of the taking of any action by the Holders of the requisite percentage in aggregate principal amount of the Notes of one or more series, as the case may be, specified in this Indenture in connection with such action, any Holder of a Note the serial number of which is shown by the evidence to be included among the serial numbers of the Notes the Holders of which have consented to such action may, by filing written notice at the Corporate Trust Office and upon proof of ownership as provided in Section 7.2, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the Holder of any Note of any series shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Note and of any Notes of such series issued in exchange or substitution therefor or on registration of transfer thereof, irrespective of whether or not any notation in regard thereto is made upon any such Note. Any action taken by the Holders of the requisite percentage in aggregate principal amount of the Notes of one or more series, as the case may be, specified in this Indenture in connection with such action shall be conclusively binding upon the Issuer, the Trustee and the Holders of all the Notes of such series.

ARTICLE EIGHT

SUPPLEMENTAL INDENTURES

Section 8.1 Supplemental Indentures Without Consent of Noteholders.

The Issuer, when authorized by a resolution of the Board of Directors (which resolution may provide general terms or parameters for such action and may provide that the specific terms of such action may be determined in accordance with or pursuant to an Issuer Order), and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act of 1939, as amended and in force at the date of the execution thereof) for one or more of the following purposes:

(a) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Notes of one or more series any property or assets;

(b) to evidence the succession of another corporation to the Issuer, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Issuer pursuant to Article Nine;

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(c) to add to the covenants of the Issuer such further covenants, restrictions, conditions or provisions as the Issuer and the Trustee shall consider to be for the protection of the Holders of Notes of any series or Coupons appertaining thereto, and to make the occurrence, or the occurrence and continuance, of a default in complying with any such additional

covenant, restriction, condition or provision an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; in respect of any such additional covenant, restriction, condition or provision, such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Notes of such series to waive such an Event of Default;

(d) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions as the Issuer may deem necessary or desirable, provided that no such action shall adversely

affect the interests of the Holders of the Notes of any series or the Coupons appertaining thereto;

(e) to establish the form and terms of the Notes of any series or of the Coupons appertaining to such Notes, as permitted by Sections 2.1 and 2.3; and

(f) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Notes and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, all as provided in Section 6.11.

The Trustee is hereby authorized to join with the Issuer in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property or assets thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

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Any supplemental indenture authorized by the provisions of this Section may be executed without the consent of the Holders of any of the Notes at the time Outstanding, notwithstanding any of the provisions of Section 8.2.

Section 8.2 Supplemental Indentures With Consent of Noteholders.

With the consent (evidenced as provided in Article Seven) of the Holders of not less than a majority in aggregate principal amount of the Notes of all series at the time Outstanding affected by such supplemental indenture (voting as one class), the Issuer, when authorized by a resolution of the Board of Directors (which resolution may provide general terms or parameters for such action and

may provide that the specific terms of such action may be determined in accordance with or pursuant to an Issuer Order), and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act of 1939 as in force at the date of execution thereof) 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 Notes of each such series or of the Coupons appertaining to such Notes; provided that no such supplemental indenture shall (a) extend the time of payment of the principal, or any installment of the principal, of any Note or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any amount payable on the redemption thereof, or make the principal thereof or the interest thereon payable in any coin or currency other than that provided in such Note and the Coupons, if any, appertaining thereto or in accordance with the terms thereof, or reduce the amount of the principal of an Original Issue Discount Note that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 5.1 or the amount thereof provable in bankruptcy, pursuant to Section 5.2, or impair or affect the right to institute suit for the payment thereof when due, or impair the security interest hereunder in the Collateral Bonds, or, if such Note shall so provide, any right of repayment at the option of the Holder, in each case without the consent of the Holder of each Note so affected, or (b) reduce the percentage in principal amount of the Outstanding Notes of the affected series, the consent of whose Holders is required for any such supplemental indenture or for any waiver provided for in this Indenture, without the consent of the Holders of each Note so affected.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more series of Notes, or which modifies the rights of the Holders of Notes of such series or of the Coupons appertaining to such Notes with respect to such covenant or provision, shall be deemed not

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to affect the rights under this Indenture of the Holders of Notes of any other series or of the Coupons pertaining to such Notes.

Upon the request of the Issuer, accompanied by a Board Resolution complying with the first paragraph of this Section and evidence of the consent of the Holders of the Notes as aforesaid and such other documents, if any, as may be required by Section 7.1, the Trustee shall join with the Issuer 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 Holders 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 Issuer and the Trustee of any

supplemental indenture pursuant to the provisions of this Section, the Trustee shall give notice thereof (i) to the Holders of then Outstanding Registered Notes of each series affected thereby, by mailing a notice thereof by first-class mail to such Holders at their addresses as they shall appear on the Note Register, (ii) if any Unregistered Notes of a series affected thereby are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), by mailing a notice thereof by first-class mail to such Holders at such addresses as were so furnished to the Trustee and (iii) if any Unregistered Notes of a series affected thereby are then Outstanding, to all Holders thereof, by publication of a notice thereof at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York, and in each case such notice shall set forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 8.3 Effect of Supplemental Indenture. Upon the execution of

any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Issuer and the Holders of Notes of each series affected thereby shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

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Section 8.4 Documents to Be Given to Trustee. The Trustee, subject

to the provisions of Sections 6.1 and 6.2, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to this Article complies with the applicable provisions of this Indenture.

Section 8.5 Notation on Notes in Respect of Supplemental Indentures.

Notes of any series authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article may bear a notation in form approved by the Trustee as to any matter provided for by such supplemental indenture. If the Issuer or the Trustee shall so determine, new Notes of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Issuer, authenticated by the Trustee and delivered in exchange for the Notes of such series then Outstanding.

ARTICLE NINE

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

Section 9.1 Covenant of Issuer Not to Merge, Consolidate, Sell or

Convey Property Except Under Certain Conditions. Nothing contained in this

Indenture or in any of the Notes shall prevent any consolidation of the Issuer with, or merger of the Issuer into, any other corporation or corporations (whether or not affiliated with the Issuer), or successive consolidations or mergers to which the Issuer or its successor or successors shall be a party or parties, or shall prevent any sale, lease or conveyance of the property of the Issuer as an entirety or substantially as an entirety; provided, that, and the

Issuer hereby covenants and agrees, upon any such consolidation, merger, sale, lease or conveyance, the due and punctual payment of the principal of and interest on all the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed or observed by the Issuer, shall be expressly assumed, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee by the corporation formed by such consolidation, or into which the Issuer shall have been merged, or which shall have acquired such property; provided, further, that the corporation formed by such consolidation

or into which the Issuer merged or the Person which acquired by conveyance or sale, or which leases, the properties and assets of the Issuer as an entirety or substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and such corporation and the Issuer shall have complied

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in all respects with Article XIII of the First Mortgage; and provided, further,

that immediately after giving effect to such transaction, no (i) Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing or (ii) "Event of Default", as such term is defined in Article IX of the First Mortgage, and no event which, after notice or lapse of time or both, would become such an Event of Default, shall have happened and be continuing.

Section 9.2 Successor Corporation Substituted for Issuer. In case of

any consolidation, merger, sale, lease or conveyance referred to in, and in accordance with, Section 9.1, and following such an assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Issuer, with the same effect as if it had been named herein as Issuer.

Such successor corporation may cause to be signed, and may issue either in its own name or in the name of the Issuer prior to such succession, any or all of the Notes issuable hereunder which theretofore shall not have been signed by the Issuer and delivered to the Trustee; and, upon the order of such successor corporation, instead of the Issuer, and subject to all the terms,

conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Notes which previously shall have been signed and delivered by the officers of the Issuer to the Trustee for authentication, and any Notes which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All of the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this indenture as though all of such Notes had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale, lease or conveyance such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued as may be appropriate.

In the event of any such sale or conveyance (other than a conveyance by way of lease), the Issuer or any successor corporation which shall theretofore have become such in the manner described in this Article shall be discharged from all obligations and covenants under this Indenture and the Notes and may be liquidated and dissolved.

Section 9.3 Opinion of Counsel Delivered to Trustee. The Trustee,

subject to the provisions of Sections 6.1 and 6.2, may receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, lease or conveyance, and any

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such assumption, and any such liquidation or dissolution, complies with the applicable provisions of this Indenture.

ARTICLE TEN

SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

Section 10.1 Satisfaction and Discharge of Indenture. (A) If at any

time (a) the Issuer shall have paid or caused to be paid the principal of and interest on all the Notes of each series theretofore authenticated, including all Coupons appertaining thereto (other than Notes and Coupons appertaining thereto which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.9), in accordance with the terms of this Indenture and such Notes or (b) as to Notes and Coupons not so paid, the Issuer shall have delivered to the Trustee for cancellation all Notes of each series theretofore authenticated and all Coupons appertaining thereto (other than any Notes and Coupons appertaining thereto which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 2.9) or (c) as to Notes and Coupons not so paid or delivered for cancellation, in the case of any series of Notes as to which the exact amount of principal of and

interest due can be determined at the time of making the deposit referred to in clause (ii) below, (i) all the Notes of such series and all Coupons appertaining thereto shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and (ii) the Issuer shall have irrevocably deposited or caused to be deposited with the Trustee as trust funds the entire amount in cash (other than moneys repaid by the Trustee or any paying agent to the Issuer in accordance with Section 10.4) or Government Obligations, maturing as to principal and interest at such times and in such amounts as will insure the availability of cash, or a combination thereof, sufficient in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay (A) the principal and interest on all Notes of such series and Coupons appertaining thereto on each date that such principal or interest is due and payable and (B) any mandatory sinking fund or analogous payments on the dates on which such payments are due and payable in accordance with the terms of this Indenture and the Notes of such series; and if, in any such case, the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer then this Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange of Notes and of Coupons appertaining thereto and the Issuer's right of optional redemption, if any,

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(ii) substitution of mutilated, defaced, destroyed, lost or stolen Notes or Coupons, (iii) the rights of Holders of Notes and Coupons appertaining thereto to receive payments of principal thereof and interest thereon, upon the original stated due dates therefor (but not upon acceleration), and remaining rights of such Holders to receive mandatory sinking fund or analogous payments, if any, (iv) the rights, obligations, duties and immunities of the Trustee hereunder, (v) the rights of Holders of Notes and Coupons appertaining thereto as beneficiaries hereof with respect to the property so deposited with the Trustee and payable to all or any of them and (vi) the obligations of the Issuer under Section 3.2) and the Trustee, on demand of the Issuer accompanied by an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with, and at the cost and expense of the Issuer, shall execute proper instruments acknowledging such satisfaction and discharge of this Indenture and the Trustee shall at the request of the Company return to the Company all Collateral Bonds; provided that the rights of Holders of the Notes and Coupons to receive amounts in respect of principal of and interest on the Notes and Coupons held by them shall not be delayed longer than required by then applicable mandatory rules or policies of any national securities exchange upon which the Notes are listed. The Issuer agrees to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Notes.

(B) The following provisions shall apply to the Notes of each series unless specifically otherwise provided in the Board Resolution, Officers'

Certificate or supplemental indenture relating thereto provided pursuant to Section 2.3. In addition to discharge of this Indenture pursuant to the next preceding paragraph (A), in the case of any series of Notes as to which the exact amount of principal of and interest due can be determined at the time of making the deposit referred to in subparagraph (a) below, the Issuer shall be deemed to have paid and discharged the entire indebtedness on all the Notes of such series and the Coupons appertaining thereto on the 91st day after the date of such deposit, and the provisions of this Indenture with respect to the Notes of such series and Coupons appertaining thereto shall no longer be in effect (except as to (i) rights of registration of transfer and exchange of Notes of such series and of Coupons appertaining thereto and the Issuer's right of optional redemption, if any, (ii) substitution of mutilated, defaced, destroyed, lost or stolen Notes or Coupons, (iii) the rights of Holders of Notes of such series and Coupons appertaining thereto to receive payments of principal thereof and interest thereon, upon the original stated due dates therefor (but not upon acceleration), and remaining rights of such Holders

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to receive mandatory sinking fund or analogous payments, if any, solely from the trust fund referred to in subparagraph (a) below, (iv) the rights, obligations, duties and immunities of the Trustee hereunder, (v) the rights of Holders of Notes of such series and Coupons appertaining thereto as beneficiaries hereof with respect to the property so deposited with the Trustee and payable to all or any of them and (vi) the obligations of the Issuer under Section 3.2), and the Trustee, at the cost and expense of the Issuer, shall, at the Issuer's request, execute proper instruments acknowledging the same, if:

(a) the Issuer shall have irrevocably deposited or caused to be irrevocably deposited with the Trustee as a trust fund specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Notes of such series and Coupons appertaining thereto (i) cash in an amount, or (ii) Government Obligations, maturing as to principal and interest at such times and in such amounts as will insure the availability of cash, or (iii) a combination thereof, sufficient in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay (A) the principal and interest on all Notes of such series and Coupons appertaining thereto on each date that such principal or interest is due and payable and (B) any mandatory sinking fund or analogous payments on the dates on which such payments are due and payable in accordance with the terms of this Indenture and the Notes of such series;

(b) no Event of Default or event which, with notice or lapse of time or both, would become an Event of Default with respect to the Notes of such series shall have occurred and be continuing on the date of such deposit or, insofar as clauses (f) and (g) of Section 5.1 are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(c) such deposit shall not result in a breach or violation of, or

constitute a default under, this Indenture or any other agreement or instrument to which the Issuer is a party or by which it is bound;

(d) such deposit shall not cause any Notes of such series then listed on any national securities exchange registered under the Securities Exchange Act of 1934, as amended, to be delisted;

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(e) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that (i) if such deposits shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Issuer, the Trustee or such trust constituting an "investment company" under the Investment Company Act of 1940, as amended, and (ii) (x) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (y) since the date of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and such opinion shall confirm that, the Holders of the Notes of such series then Outstanding and Coupons appertaining thereto will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred; and

(f) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the defeasance contemplated by this paragraph have been complied with.

(C) The Issuer shall be released from its obligations under Article Nine with respect to the Notes of a particular series and any Coupons appertaining thereto Outstanding on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance"). Covenant defeasance means that, with respect to the Outstanding Notes of such series, the Issuer may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in Article Nine, whether directly or indirectly by reason of any reference elsewhere herein to such Article by reason of any reference in such Article to any other provision herein or by reason of any reference to such Article in any other document, and such omission to comply shall not constitute an Event of Default under Section 5.1 with respect to the Outstanding Notes of such series, but the remainder of this Indenture and other Outstanding Notes and Coupons shall be unaffected thereby. The following shall be the conditions to application of this paragraph (C):

(a) the Issuer shall have irrevocably deposited or caused to be irrevocably deposited with the Trustee as a trust fund specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Notes of such series and Coupons appertaining thereto, (i) cash in an amount, or (ii) Government

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Obligations, maturing as to principal and interest at such times and in such amounts as will insure the availability of cash, or (iii) a combination thereof, sufficient in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay (A) the principal and interest on all Notes of such series and Coupons appertaining thereto on each date that such principal or interest is due and payable and (B) any mandatory sinking fund or analogous payments on the dates on which such payments are due and payable in accordance with the terms of this Indenture and the Notes of such series;

(b) no Event of Default or event which, with notice or lapse of time or both, would become an Event of Default with respect to the Notes of such series shall have occurred and be continuing on the date of such deposit or, insofar as clauses (f) and (g) of Section 5.1 are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(c) such covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Issuer is a party or by which it is bound;

(d) such covenant defeasance shall not cause any Notes of such series then listed on any national securities exchange registered under the Securities Exchange Act of 1934, as amended, to be delisted;

(e) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that (i) if such deposits shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Issuer, the Trustee or such trust constituting an "investment company" under the Investment Company Act of 1940, as amended, and (ii) the Holders of the Notes of such series then Outstanding and Coupons appertaining thereto will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; and

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(f) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to such covenant defeasance have been complied with.

Section 10.2 Application by Trustee of Funds Deposited for Payment of

Notes. Subject to Section 10.4, all moneys deposited with the Trustee (or other

trustee) pursuant to Section 10.1 in respect of the Outstanding Notes of a particular series and the Coupons appertaining thereto shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Issuer acting as its own paying agent), to the Holders of such Notes and Coupons of all sums due and to become due thereon for principal and interest; but such money need not be segregated from other funds except to the extent required by law.

Section 10.3 Repayment of Moneys Held by Paying Agent. In connection

with the satisfaction and discharge of this Indenture with respect to the Notes of any series, all moneys then held by any paying agent under the provisions of this Indenture with respect to such series of Notes shall, upon demand of the Issuer, be repaid to it or paid to the Trustee and thereupon such paying agent shall be released from all further liability with respect to such moneys.

Section 10.4 Return of Moneys Held by Trustee and Paying Agent

Unclaimed for Two Years. Any moneys deposited with or paid to the Trustee or

any paying agent for the payment of the principal of or interest on any Note of any series or Coupons appertaining thereto and not applied but remaining unclaimed for two years after the date upon which such principal or interest shall have become due and payable, shall, upon the written request of the Issuer and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Issuer by the Trustee or such paying agent, and the Holder of the Notes of such series and of any Coupons appertaining thereto shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Issuer for any payment which such Holder may be entitled to collect, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease; provided, however, that the Trustee or such paying agent, before being required to make any such repayment with respect to moneys deposited with it for any payment (a) in respect of Registered Notes of any series, shall at the expense of the Issuer, mail by first-class mail to Holders of such Notes at their addresses as they shall appear on the Note Register for the Notes of such series, and (b) in respect of Unregistered Notes of any series, shall at the expense of the Issuer cause to be published once, in an Authorized Newspaper in

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the Borough of Manhattan, The City of New York, notice that such moneys remain and that, after a date specified therein, which shall not be less than 30 days from the date of such mailing or publication, any unclaimed balance of such moneys then remaining will be repaid to the Issuer.

Section 10.5 Indemnity for Government Obligations. The Issuer shall

pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 10.1 or the principal or interest received in respect of such Government Obligations,

other than any such tax, fee or other charge which by law is for the account of the Holders of the Notes and Coupons for whose benefit such Government Obligations are held.

ARTICLE ELEVEN

REDEMPTION OF NOTES AND SINKING FUNDS

Section 11.1 Applicability of Article. The provisions of this

Article shall be applicable to the Notes of any series which are redeemable before their maturity or to any sinking fund for the retirement of Notes of a series except as otherwise specified as contemplated by Section 2.3 for Notes of any series.

Section 11.2 Notice of Redemption; Partial Redemptions. Notice of

redemption to the Holders of Registered Notes of any series to be redeemed as a whole or in part shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption, to such Holders at their last addresses as they shall appear upon the registry books for such Notes. Notice of redemption to the Holders of Unregistered Notes of any series to be redeemed as a whole or in part, who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption, to such Holders at such addresses as were so furnished to the Trustee (and, in the case of any such notice given by the Issuer, the Trustee shall make such information available to the Issuer for such purpose). Notice of redemption to all other Holders of Unregistered Notes of any series shall be published in an Authorized Newspaper in the Borough of Manhattan, The City of New York, in each case once in each of three successive calendar weeks, the first publication to be not less than 30 days nor more than 60 days prior to the date fixed for redemption; provided, however, that notice

of redemption shall not be required to be published if there are no Holders of Unregistered Notes of any series that have not filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii). Any notice which is

mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice. Failure to give notice by mail, or any defect in the notice to the Holder of any Note of any series designated for redemption as a whole or in part, shall not affect the validity of the proceedings for the redemption of any other Note of such series.

The notice of redemption to each such Holder shall specify the principal amount of each Note of such series held by such Holder to be redeemed, the date fixed for redemption, the redemption price, the place or places of

payment, that payment will be made upon presentation and surrender of such Notes and, in the case of Notes with Coupons attached thereto, of all Coupons appertaining thereto maturing after the date fixed for redemption, that such redemption is pursuant to the mandatory or optional sinking or other analogous fund, or both, if such be the case, that interest accrued to the date fixed for redemption will be paid as specified in such notice and that on and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue. In case any Note is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Note, a new Note or Notes of such series in authorized denominations for an aggregate principal amount equal to the unredeemed portion thereof will be issued.

The notice of redemption of Notes of any series to be redeemed at the option of the Issuer shall be given by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer.

On or before the redemption date specified in the notice of redemption given as provided in this Section, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in Section 3.4) an amount of money sufficient to redeem on the redemption date all the Notes of any series so called for redemption at the applicable redemption price, together with accrued interest to the date fixed for redemption. The Issuer will deliver to the Trustee at least 30 days prior to the date fixed for redemption an Officers' Certificate stating the aggregate principal amount of Notes of each series to be redeemed. In case of a redemption at the option of the Issuer prior to the expiration of any restriction on such redemption, the Issuer shall deliver to the Trustee, prior to the giving of any notice of redemption to Holders pursuant to this Section, an Officers' Certificate stating that such restriction has been complied with. If less than all the Notes of any series are to be redeemed, the Trustee shall select, in such manner as it shall deem appropriate and

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fair, Notes of such series to be redeemed in whole or in part. Notes may be redeemed in part in multiples equal to the minimum authorized denomination for Notes of such series or any multiple thereof. The Trustee shall promptly notify the Issuer in writing of the Notes of such series selected for redemption and, in the case of any Notes of such series selected for partial redemption, the principal amount thereof to be redeemed. For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Notes of any series shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal amount of such Note which has been or is to be redeemed.

Section 11.3 Payment of Notes Called for Redemption. If notice of

redemption has been given as provided in Section 11.2, the Notes or portions of Notes specified in such notice shall become due and payable on the date and at

the place stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption, and on and after said date (unless the Issuer shall default in the payment of such Notes at the applicable redemption price, together with interest accrued to said date) interest on the Notes or portions of Notes so called for redemption shall cease to accrue, the unmatured Coupons, if any, appertaining thereto shall be void and, except as provided in Sections 6.5 and 10.4, such Notes shall cease from and after the date fixed for redemption to be entitled to any benefit or security under this Indenture, and the Holders thereof shall have no right in respect of such Notes except the right to receive the applicable redemption price thereof and unpaid interest to the date fixed for redemption. On presentation and surrender of such Notes at a place of payment specified in said notice, together with all Coupons, if any, appertaining thereto maturing after the date fixed for redemption, such Notes or the specified portions thereof shall be paid and redeemed by the Issuer at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption; provided that payment of interest becoming due on or prior to the date fixed for redemption shall be payable, in the case of Notes with Coupons attached thereto, to the Holders of the Coupons for such interest upon surrender thereof or, in the case of Registered Notes, to the Holders of such Registered Notes registered as such on the relevant Record Date, subject to the terms and provisions of Sections 2.3 and 2.7.

If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the date fixed for redemption at the rate of interest or Yield to Maturity (in the case of an Original Issue Discount Note) borne by such Note.

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If any Note with Coupons attached thereto is surrendered for redemption and is not accompanied by all appurtenant Coupons maturing after the date fixed for redemption, the surrender of such missing Coupon or Coupons may be waived by the Issuer and the Trustee, if there be furnished to each of them such security or indemnity as they may require to save each of them harmless.

Upon presentation of any Note redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to or on the order of the Holder thereof, at the expense of the Issuer, a new Note or Notes of such series, of authorized denominations, in principal amount equal to the unredeemed portion of the Note so presented.

Section 11.4 Exclusion of Certain Notes from Eligibility for

Selection for Redemption. Notes shall be excluded from eligibility for

selection for redemption if they are identified by registration and certificate number in an Officers' Certificate delivered to the Trustee at least 30 days prior to the last date on which notice of redemption may be given as being owned of record and beneficially by, and not pledged or hypothecated by either (a) the Issuer or (b) an entity specifically identified in such Officers' Certificate as

directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer.

Upon presentation of any Note redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to or on the order of the Holder thereof, at the expense of the Issuer, a new Note or Notes of such series, of authorized denominations, in principal amount equal to the unredeemed portion of the Note so presented.

Section 11.5 Mandatory and Optional Sinking Funds. The minimum

amount of any sinking fund payment provided for by the terms of the Notes of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of the Notes of any series is herein referred to as an "optional sinking fund payment". The date on which a sinking fund payment is to be made is herein referred to as the "sinking fund payment date".

In lieu of making all or any part of any mandatory sinking fund payment with respect to any series of Notes in cash, the Issuer may at its option (a) deliver to the Trustee Notes of such series theretofore purchased or otherwise acquired (except upon redemption pursuant to the mandatory sinking fund) by the Issuer or receive credit for Notes of such series (not previously so credited) theretofore purchased or otherwise acquired (except as aforesaid) by the Issuer and delivered to the Trustee for cancellation pursuant to Section 2.10, (b) receive credit for

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optional sinking fund payments (not previously so credited) made pursuant to this Section or (c) receive credit for Notes of such series (not previously so credited) redeemed by the Issuer through any optional redemption provision contained in the terms of such series. Notes so delivered or credited shall be received or credited by the Trustee at the sinking fund redemption price specified in such Notes.

On or before the 60th day next preceding each sinking fund payment date for any series, the Issuer will deliver to the Trustee an Officers' Certificate (which need not contain the statements required by Section 13.5) (a) specifying the portion of the mandatory sinking fund payment due on such date to be satisfied by payment of cash and the portion to be satisfied by credit of Notes of such series and the basis for such credit, (b) stating that none of the Notes of such series to be so credited has theretofore been so credited, (c) stating that no defaults in the payment of interest or Events of Default with respect to such series have occurred (which have not been waived or cured) and are continuing and (d) stating whether or not the Issuer intends to exercise its right to make an optional sinking fund payment on such date with respect to such series and, if so, specifying the amount of such optional sinking fund payment which the Issuer intends to pay on or before the next succeeding sinking fund payment date. Any Notes of such series to be so credited and required to be delivered to the Trustee in order for the Issuer to be entitled to credit therefor as aforesaid which have not theretofore been delivered to the Trustee

shall be delivered for cancellation pursuant to Section 2.10 to the Trustee with such Officers' Certificate (or reasonably promptly thereafter if acceptable to the Trustee). Such Officers' Certificate shall be irrevocable, and upon its receipt by the Trustee the Issuer shall become unconditionally obligated to make all the cash payments or other deliveries therein referred to, if any, on or before the next succeeding sinking fund payment date. Failure of the Issuer, on or before any such 60th day, to deliver such Officers' Certificate and securities specified in this paragraph, if any, shall not constitute a default but shall constitute, on and as of such 60th day, the irrevocable election of the Issuer that (i) the mandatory sinking fund payment for such series due on the next succeeding sinking fund payment date shall be paid entirely in cash without the option to deliver or credit Notes of such series in respect thereof and (ii) the Issuer will make no optional sinking fund payment with respect to such series on such date as provided in this Section.

If the sinking fund payment or payments (mandatory or optional or both) to be made in cash on the next succeeding sinking fund payment date plus any unused balance of any preceding sinking fund payments made in cash shall exceed \$50,000 if the Issuer shall so request with respect to the Notes of any particular series, such cash shall be applied on the next

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succeeding sinking fund payment date to the redemption of Notes of such series at the applicable sinking fund redemption price, together with accrued interest to the date fixed for redemption. If such amount shall be \$50,000 or less and the Issuer makes no such request, then such amount shall be carried over until a sum in excess of \$50,000 is available. The Trustee shall select, in the manner provided in Section 11.2, for redemption on such sinking fund payment date a sufficient principal amount of Notes of such series to absorb said cash, as nearly as may be, and shall (if requested in writing by the Issuer) inform the Issuer of the serial numbers of the Notes of such series (or portions thereof) so selected. Notes shall be excluded from eligibility for redemption under this Section if they are identified by registration and certificate number in an Officers' Certificate delivered to the Trustee at least 30 days prior to the sinking fund payment date as being owned of record and beneficially by, and not pledged or hypothecated by either (a) the Issuer or (b) an entity specifically identified in such Officers' Certificate as directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer. The Trustee, in the name and at the expense of the Issuer (or the Issuer, if it shall so request the Trustee in writing), shall cause notice of redemption of the Notes of such series to be given in substantially the manner provided in Section 11.2 (and with the effect provided in Section 11.3) for the redemption of Notes of such series in part at the option of the Issuer. The amount of any sinking fund payments not so applied or allocated to the redemption of Notes of such series shall be added to the next cash sinking fund payment for such series and, together with such payment, shall be applied in accordance with the provisions of this Section. Any and all sinking fund moneys held on the stated maturity date of the Notes of a particular series (or earlier, if such maturity is accelerated), which are not held for the payment or redemption of particular Notes of such series, shall be applied, together with other moneys, if necessary, sufficient for the purpose, to the payment of the principal of and

interest on the Notes of such series at maturity.

Unless otherwise provided for, on or before each sinking fund payment date, the Issuer shall pay to the Trustee in cash or shall otherwise provide for the payment of all interest accrued to the date fixed for redemption on Notes to be redeemed on such sinking fund payment date.

The Trustee shall not redeem or cause to be redeemed Notes of any series with sinking fund moneys or give any notice of redemption of Notes of such series by operation of the sinking fund for such series during the continuance of any Event of Default with respect to such series except that, if notice of redemption of any Notes of such series shall theretofore have been given, the Trustee shall redeem or cause to be redeemed such Notes, provided that the Trustee or one or more paying agents

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shall have received from the Issuer a sum sufficient for such redemption. Except as aforesaid, any moneys in the sinking fund for such series at the time when any such Event of Default shall occur, and any moneys thereafter paid into the sinking fund, shall, during the continuance of such Event of Default, be deemed to have been collected under Article Five and held for the payment of all Notes of such series. In case such Event of Default shall have been waived as provided in Section 5.10 or the default cured on or before the 60th day preceding any sinking fund payment date, such moneys shall thereafter be applied on such sinking fund payment date in accordance with this Section to the redemption of Notes of such series.

ARTICLE TWELVE

COLLATERAL BONDS

Section 12.1 Pledge. The Issuer hereby delivers to and pledges with

the Trustee, for the benefit of the holders of the Notes of all series, the Collateral Bond fully registered in the name of the Trustee, in trust for the holders of the Notes as security for (1) the full and prompt payment of the principal of each Note when and as the same shall become due in accordance with the terms and provisions of this Indenture, either at the stated maturity thereof, upon acceleration of the maturity thereof or upon call for redemption, and (2) the full and prompt payment of any premium and interest on each Note when and as the same shall become due in accordance with the terms and provisions of this Indenture.

As used in this Article Twelve, the phrase "holders of the Notes" shall mean, in the case of any Registered Global Note, the Depository and any Person having, from time to time, any beneficial interest in such Note.

Section 12.2 Receipt. The Trustee acknowledges receipt of the

Collateral Bond for the benefit of the holders from time to time of the Notes.

Section 12.3 Collateral Bonds Held by the Trustee. The Trustee, as

the holder of the Collateral Bonds, shall attend any meeting of bondholders under the First Mortgage as to which it receives due notice. At such meeting the Trustee shall vote the Collateral Bonds held by it proportionately with the vote of the holders of all bonds issued and outstanding under the First Mortgage, other than the Collateral Bonds; provided, however, that the Trustee shall not, except upon mailing of notice and the unanimous written approval or consent of the holders of all Notes then outstanding, vote in favor of any action which would require the vote pursuant to the applicable provisions of the First Mortgage of the holders of all Bonds or of all Collateral Bonds then outstanding which are affected by such action.

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Section 12.4 No Transfer of Collateral Bonds; Exception. Except as

required to effect an assignment to a successor trustee under this Indenture or pursuant to Section 12.5 or Section 12.7 hereof, the Trustee shall not sell, assign or transfer the Collateral Bonds and the Issuer shall issue stop transfer instructions to the Mortgage Trustee and any transfer agent under the First Mortgage to effect compliance with this Section 12.4.

Section 12.5 Release of Collateral Bonds. The Trustee shall, upon

written request of the Issuer, deliver to the Issuer without charge therefor the Collateral Bonds, together with such appropriate instruments of transfer or release as may be reasonably requested by the Issuer, when the conditions established by Section 10.1 hereof are satisfied.

Section 12.6 Further Assurances. The Issuer, at its own expense,

shall do such further lawful acts and things, and execute and deliver such additional conveyances, assignments, assurances, agreements, financing statements and instruments, as the Trustee may at any time reasonably request in order to better assign, assure, perfect and confirm to the Trustee its security interest in the Collateral Bonds and for maintaining, protecting and preserving such security interest.

Section 12.7 Acceptance of Additional Collateral Bonds. At any time,

at the option of the Issuer, the Issuer may pledge and deliver to the Trustee, and the Trustee shall accept, Additional Collateral Bonds registered in the name of the Trustee as security for the Notes. Such Additional Collateral Bonds shall be held in trust by the Trustee for the holders of the Notes as security for (a) the full and prompt payment of the principal of the Notes when and as the same shall become due in accordance with the terms and provisions of this Indenture, either at the stated maturity thereof, upon acceleration of the maturity thereof or upon call for redemption, and (b) the full and prompt payment of any premium and interest on each Note when and as the same shall become due in accordance with the terms and provisions of this Indenture.

Prior to its acceptance of Additional Collateral Bonds, the Trustee shall receive from the Issuer, and (subject to Section 6.7 hereof) shall be fully protected in relying upon an Officers' Certificate stating that the delivery of the Additional Collateral Bonds will not result in a default under the First Mortgage, this Indenture or any other contract, indenture, loan agreement or other instrument to which the Issuer is a party or by which it or any of its property is bound, and an Opinion of Counsel stating:

(a) that the Additional Collateral Bonds to be issued to the Trustee have been duly authorized, executed and delivered

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and that such Additional Collateral Bonds are legal, valid and binding obligations of the Issuer enforceable in accordance with their terms and entitled to the benefits and security of the First Mortgage, equally and ratably with all other bonds outstanding under the First Mortgage, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles;

(b) that all applicable laws in respect of the execution and delivery of the Issuer of such Additional Collateral Bonds to the Trustee have been complied with;

(c) that the First Mortgage has been duly recorded in all places where such recording is necessary for the perfection or preservation of the lien of the First Mortgage, no financing statements (other than such as have already been filed) are required to be filed pursuant to the Uniform Commercial Code for the perfection or preservation of the lien of the First Mortgage, and the First Mortgage constitutes a valid and perfected lien upon the property purported to be covered thereby, subject only to conditions or exceptions that do not, singly or in the aggregate, materially impair the use of the property affected thereby in the operations of the business of the Issuer;

(d) that the security interest of the Trustee in such Additional Collateral Bonds thereby delivered to the Trustee is a valid and perfected security interest;

(e) that all consents or approvals of all federal or state regulatory agency required in connection with the issuance of such Additional Collateral Bonds to the Trustee have been obtained and not withdrawn (except that no opinion need be expressed as to state securities or Blue Sky laws); and

(f) such other matters as the Trustee may reasonably request.

Section 12.8 Exchange of Collateral Bonds. The Issuer shall have the

right, as permitted by Article II, Section 1, subdivision (c) of the First Mortgage and contemplated by Article I, Section 6 of the Mortgage Supplemental Indenture, to require that the Trustee present one or more of the Collateral

Bonds then held by it in exchange for one or more other Collateral Bonds with a lower interest rate, lesser principal amount, different maturity date and different other terms which mirror the precise terms of the Notes outstanding from time to time hereunder. The Trustee shall surrender the applicable Collateral Bonds then held by it for cancellation by the Issuer concurrently with receiving the replacement Collateral Bonds from the Issuer and following not less than five days prior written direction by the Issuer to effect such exchange.

ARTICLE THIRTEEN

MISCELLANEOUS PROVISIONS

Section 13.1 Incorporators, Stockholders, Officers and Directors of

Issuer Exempt from Individual Liability. No recourse under or upon any

obligation, covenant or agreement contained in this Indenture or the First Mortgage, or in any Note or Coupon or Bond, or because of any indebtedness evidenced thereby, shall be had against any incorporator, as such, or against any past, present or future stockholder, officer or director, as such, of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Notes and the Coupons appertaining thereto by the Holders thereof and as part of the consideration for the issue of the Notes and the Coupons appertaining thereto.

Section 13.2 Provisions of Indenture for the Sole Benefit of Parties

and Holders of Notes and Coupons. Nothing in this Indenture, in the Notes or

Coupons appertaining thereto, expressed or implied, shall give or be construed to give to any person, firm or corporation, other than the parties hereto and their successors and the Holders of the Notes or Coupons, if any, any legal or equitable right, remedy or claim under this Indenture or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of the parties hereto and their successors and of the Holders of the Notes or Coupons, if any.

Section 13.3 Successors and Assigns of Issuer Bound by Indenture.

All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 13.4 Notices and Demands on Issuer, Trustee and Holders of

Notes and Coupons. Any notice or demand which by any provision of this

Indenture is required or permitted to be given or served by the Trustee or by any Holder of Notes of any series or Coupons appertaining thereto or upon the Issuer may be given or served by being deposited postage prepaid in the United States mail, first-class mail (except as otherwise specifically provided herein), addressed (until another address of the Issuer is filed by the Issuer with the Trustee) to Madison Gas and Electric Company, 133 South Blair Street, Madison, Wisconsin 53703, Attention: Vice President-Finance. Any notice, direction, request or demand by the Issuer or any Holder of Notes of any series or Coupons appertaining thereto to or upon the Trustee

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shall be deemed to have been sufficiently given or served by being deposited postage prepaid in the United States mail, first-class mail (except as otherwise specifically provided herein), addressed (until another address of the Trustee is filed by the Trustee with the Issuer) to 321 North Main Street, West Bend, Wisconsin 53095, Attention: Administrator. Any notice required or permitted to be given or served by the Issuer or by the Trustee to or upon (i) any Holders of Registered Notes of any series or any Holders of Unregistered Notes who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), may be given or served by being deposited in the United States mail, first-class mail (except as otherwise specifically provided herein), addressed at their addresses as they shall appear on the Note Register or at the addresses so filed, respectively, and (ii) any Holders of other Unregistered Notes, by publication at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York.

In any case where notice to the Holders of Notes is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impracticable to mail notice to the Issuer when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be reasonably satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 13.5 Officers' Certificates and Opinions of Counsel;

Statements to be Contained Therein. Upon any application or demand by the

Issuer to the Trustee to take any action under any of the provisions of this Indenture, the Issuer shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture relating to

the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

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Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture (other than certificates provided pursuant to Section 4.3(d)) shall include (a) a statement that the person making such certificate or opinion has read such covenant or condition, (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with and (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Any certificate, statement or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion of or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters, information with respect to which is in the possession of the Issuer, upon the certificate, statement or opinion of or representations by an officer or officers of the Issuer, unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate, statement or opinion of an officer of the Issuer or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants in the employ of the Issuer, unless such officer or counsel, as the case may be, knows that the certificate or opinion or representations with respect to the accounting matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate or opinion of any independent firm of public accountants filed with and directed to the Trustee shall contain a statement that such firm is independent.

Section 13.6 Payments Due on Saturdays, Sundays and Holidays. If the

date of maturity of interest on or principal of the Notes of any series or any Coupons appertaining thereto or

the date fixed for redemption or repayment of any such Note or Coupon shall not be a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or repayment, and no interest shall accrue for the period after such date.

Section 13.7 Conflict of any Provision of Indenture with Trust

Indenture Act of 1939. If and to the extent that any provision of this

Indenture limits, qualifies or conflicts with any provision set forth in Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, that impose duties on any person, such provision of the Trust Indenture Act of 1939 shall control.

Section 13.8 Wisconsin Law to Govern. This Indenture and each Note

and Coupon shall be deemed to be a contract under the laws of the State of Wisconsin, and for all purposes shall be construed in accordance with the laws of such State, except as may otherwise be required by mandatory provisions of law.

Section 13.9 Counterparts. This Indenture may be executed in any

number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 13.10 Effect of Headings. The Article and Section headings

herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of January 1, 1994.

MADISON GAS AND ELECTRIC COMPANY

By _____

Title:

[CORPORATE SEAL]

Attest:

By

Title:

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M&I FIRST NATIONAL BANK

By

Title:

[CORPORATE SEAL]

Attest:

By

Title:

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EIGHTEENTH
SUPPLEMENTAL INDENTURE

MADISON GAS AND ELECTRIC COMPANY

TO

FIRSTAR TRUST COMPANY
(FORMERLY KNOWN AS FIRST WISCONSIN TRUST COMPANY),

TRUSTEE

DATED AS OF MARCH 1, 1994

CREATING AN ISSUE OF
FIRST MORTGAGE BONDS, 2029 SERIES

SUPPLEMENTAL TO INDENTURE OF
MORTGAGE AND DEED OF TRUST
DATED AS OF JANUARY 1, 1946

=====

Eighteenth Supplemental Indenture, dated as of the 1st day of March, 1994, between MADISON GAS AND ELECTRIC COMPANY, a corporation duly organized and existing under and by virtue of the laws of the State of Wisconsin (hereinafter called the "Company"), party of the first part, and FIRSTAR TRUST COMPANY (formerly known as FIRST WISCONSIN TRUST COMPANY), a corporation duly organized and existing under and by virtue of the laws of the State of Wisconsin, having its principal place of business in the City of Milwaukee, Wisconsin (hereinafter called the "Trustee"), as Trustee under the Indenture hereinafter mentioned, party of the second part:

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture of Mortgage and Deed of Trust (hereinafter called the "Indenture"), dated as of January 1, 1946, to secure the Company's First Mortgage Bonds, unlimited in aggregate principal amount except as therein otherwise provided, and has heretofore executed and delivered to the Trustee seventeen supplemental indentures creating seventeen series of bonds, bonds of

seven of which series are outstanding as of the date hereof; and

WHEREAS, the Company desires in and by this Eighteenth Supplemental Indenture (hereinafter called "this Supplemental Indenture") to create a eighteenth series of bonds to be issued under the Indenture, to designate or otherwise distinguish such series, to specify the particulars necessary to describe and define the same, and to specify such other provisions and agreements in respect thereof as are in said Indenture provided or permitted; and

WHEREAS, the following terms shall for all purposes of this Supplemental Indenture have the following meanings unless the context otherwise requires:

The term "Additional Bonds" means the Company's bonds, of a series to be designated, registered under the Registration Statement and to be issuable under and authenticated and delivered from time to time pursuant to the Indenture;

The term "Debt Securities" means the Additional Bonds and the Notes, in the combined aggregate principal amount of not to exceed \$45,000,000;

The term "Notes" means the Company's Secured Medium-Term Notes, Series A, registered under the Registration Statement and to be issuable under and authenticated and delivered from time to time pursuant to the Note Indenture;

The term "Note Indenture" means the Indenture of Trust, dated as of March 1, 1994, by and between the Company and M&I First National Bank, as trustee, and any indenture supplemental thereto or amendatory

thereof, pursuant to which the Notes may be issued and will be secured;

The term "Note Trustee" means the person, corporation or banking association acting as trustee from time to time under the Note Indenture; and

The term "Registration Statement" means the Company's Registration Statement on Form S-3 (Registration No. 33-__) filed with the Securities and Exchange Commission, including any amendments thereto; and

WHEREAS, the Company also desires in and by this Supplemental Indenture to record the description of, and confirm unto the Trustee, certain property acquired after the execution and delivery of the Seventeenth Supplemental Indenture; and

WHEREAS, all the conditions and requirements necessary to make this Supplemental Indenture, when duly executed and delivered, a valid, binding and legal instrument in accordance with its terms and for the purposes herein expressed have been done, performed, and fulfilled, and the execution and delivery of this Supplemental Indenture in the form and with the terms hereof have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and in further consideration of the sum of One Dollar in lawful money of the United States of America paid to the Company by the Trustee at or before the execution and delivery of this Supplemental Indenture, the receipt whereof is hereby acknowledged, and of other good and valuable considerations, it is agreed by and between the Company and the Trustee as follows:

CONFIRMATION OF CONVEYANCE OF CERTAIN PROPERTY ACQUIRED AFTER EXECUTION AND DELIVERY OF THE SEVENTEENTH SUPPLEMENTAL INDENTURE

First. The Company records in Exhibit "A" to this Supplemental

Indenture, which is annexed hereto and made a part hereof, the description of, and hereby confirms unto the Trustee, the property therein described which has been acquired by the Company after the execution and delivery of the Seventeenth Supplemental Indenture and is now subject to the lien of the Indenture in all respects as if originally described therein, to have and to hold such property in trust, upon all the terms and trusts and subject to all the matters and to all conditions, all to the same extent and with the same force and effect as though conveyed by the Indenture in the first instance.

Second. The Company also hereby confirms unto the Trustee all other

property of every kind, character and description (other than Excepted Property as defined in the Indenture), acquired or constructed by the Company after the execution and delivery of the Seventeenth Supplemental Indenture, located in the Counties of Dane, Columbia, Kewaunee, Fond du Lac,

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Green Lake, Dodge, Iowa, Juneau, Monroe and Vernon, State of Wisconsin, or elsewhere, including, without limiting the generality of the foregoing, all transmission lines, pipe lines, additions to electric generating plants and to gas works, substations, and electric and gas distribution systems and facilities, including those now under construction; also all franchises, leases, permits, easements, rights of way, consents and licenses; all of said property being now subject to the lien of the Indenture in all respects as if originally described therein; together with all and singular the easements, hereditaments and appurtenances belonging or in any wise appertaining to the property above described or referred to, and all the estate, title, claims and demands whatsoever, as well in law as in equity, of the Company in and to the same and any and every part and parcel thereof; and all and singular the rents, issues, profits, tolls and other income thereof; excepting always Excepted Property as defined in the Indenture.

ARTICLE I

FIRST MORTGAGE BONDS, 2029 SERIES

SECTION 1. There is hereby created a series of bonds to be issued

under and secured by the Indenture, to be designated, distinguished and known as "First Mortgage Bonds, 2029 Series" of the Company (hereinafter called "Bonds of This Series"). Bonds of This Series may be issued in the aggregate principal amount of up to \$45,000,000, except as provided in the Indenture and this Supplemental Indenture. Bonds of This Series shall be issued as fully registered bonds without coupons and shall be dated as of the interest payment date next preceding the authentication thereof by the Trustee, except that: (i) if any Bond of This Series shall be authenticated before July 15, 1994 it shall be dated as of January 15, 1994 (unless (iii) below is applicable); (ii) if the Company shall at the time of authentication of a Bond of This Series be in default in the payment of interest upon Bonds of This Series, such Bond of This Series shall be dated as of the date of the beginning of the period for which such interest is so in default; (iii) so long as there is no existing default in the payment of interest on Bonds of This Series, if any Bond of This Series shall be authenticated at any time after the close of business on any record date, as hereinafter defined, with respect to any interest payment date (January 15 or July 15, as the case may be) and on or prior to such interest payment date, it shall be dated as of such interest payment date; and (iv) interest shall not begin to accrue on the Bonds of this Series until one or more Notes shall have been issued, authenticated and delivered pursuant to the Note Indenture, and then only to the extent that interest accrues on the outstanding principal amount of such Notes.

The registered owner of any Bond of This Series dated as of an interest payment date as provided in (iii) above shall,

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if the Company has defaulted in the payment of interest due on such interest payment date and such default shall be continuing, be entitled to exchange such Bond of This Series for a Bond or Bonds of This Series of the same aggregate principal amount dated as of the interest payment date next preceding the interest payment date first mentioned in this sentence. If the Trustee shall have knowledge at any time that any registered owner of a Bond of This Series shall be entitled by the provisions of the next preceding sentence to exchange such Bond of This Series, the Trustee shall within 30 days mail to such owner at the address of such owner appearing upon the registry book of the Company a notice informing such owner that such owner has such right of exchange.

Each of the Bonds of This Series shall mature January 15, 2029 (or on such earlier date or dates as of which any of the Notes shall mature) (each such date being hereinafter referred to as a "Maturity Date"). The principal of, premium, if any, and interest on each Bond of This Series shall be payable in lawful money of the United States of America in immediately available funds to the registered owner at the address of such owner appearing on the registry books of the Company, except that the final payment of each particular Bond of This Series shall be payable to such owner upon presentation and transfer thereof at the principal office of the Trustee. The rate of interest on each Bond of This Series shall with respect to any interest payment date be equal to such rate or rates per annum as shall cause the aggregate amount of interest payable on the Bonds of This Series to equal the aggregate amount of interest payable on the Notes on such dates or 25% per annum, whichever is less, in each

case payable on the first day of January and July of each year during which any Notes are outstanding; and the terms and manner of redemption for each Bond of This Series shall be as referred to in this Article I.

So long as there shall be no existing default in the payment of interest on the Bonds of This Series, the person in whose name any Bond of This Series is registered at the close of business on the record date (as hereinafter defined) with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding any transfer or exchange of such Bond of This Series subsequent to such record date and on or prior to such interest payment date. If and to the extent that the Company shall default in the payment of the interest due on such interest payment date, such defaulted interest shall, upon the subsequent payment thereof, be paid to the person in whose name such Bond of This Series is registered on the date of such payment.

If and to the extent that the Company pays interest for any given period of time on the Notes, then there shall be deemed to be paid on the Bonds of This Series an amount of interest equal to the amount of such interest paid on the Notes; provided, however, that such payment of interest shall be deemed to be so

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paid only when and to the extent that notice of such payment of interest is given by the Company to the Trustee.

The term "record date" as used herein with respect to any interest payment date shall mean the 10th business day prior to such interest payment date. The term "business day" as used herein shall mean any day other than a Saturday or a Sunday or a day on which the offices of the Trustee are closed pursuant to authorization of law.

SECTION 2. The Bonds of This Series shall be redeemable prior to maturity only as provided in Sections 4 and 5 of this Article I and not pursuant to any other provisions of the Indenture as previously supplemented unless all bonds outstanding thereunder shall be redeemed.

In case the Company shall at any time elect to redeem, or in accordance with this Supplemental Indenture shall be required to redeem, all or any part of the Bonds of This Series, it shall give notice to the effect that it has so elected or is so required to redeem all or a part thereof, as the case may be, on a date therein designated, specifying in case of redemption of a part of the Bonds of This Series the distinctive numbers of the bonds to be redeemed (and the portion thereof to be redeemed in the case of partial redemption of any bond), and in every case stating the applicable redemption price, the provision of this Supplemental Indenture pursuant to which such redemption is being made and that on and after such date interest will cease to accrue on the bonds (or portions thereof in the case of partial redemption of any particular bond) to be so redeemed.

Such notice shall be mailed by the Company, postage prepaid, at least

30 and not more than 45 days prior to such date of redemption, to the Trustee and to the registered owners of all Bonds of This Series to be so redeemed, at their respective addresses appearing upon the register thereof.

In the event that the Company shall desire to exercise its right, or is required by the provisions of this Supplemental Indenture, to redeem all or any part of the Bonds of This Series it shall, except as modified herein, comply with the terms and conditions of Article IV of the Indenture with regard to the redemption of bonds, and such redemption shall be made under and subject to the terms and provisions of said Article IV and in the manner and with the effect stated therein; provided, however, that the Company shall specify, in accordance with the provisions of this Supplemental Indenture, those Bonds of This Series which are to be redeemed if only a part thereof are to be redeemed, and payments in respect of the redemption of Bonds of This Series shall be made directly by the Company to the registered owners of the bonds entitled thereto.

In the event that any Bond of This Series shall be redeemed in part, the portion of any such bond so redeemed in

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part shall be \$1,000 or an integral multiple thereof, and payment of the redemption price of such portion of a bond shall be made by the Company (or the Trustee, as the case may be) to the registered owner thereof, at its address appearing on the register, without presentation or surrender thereof, provided that there is on file with the Company and the Trustee (and not theretofore rescinded by written notice from such registered owner to the Company and the Trustee) a written commitment from such registered owner acknowledging that payments in respect of redemption are to be made in accordance with this Section 2 and to the effect that such registered owner will make notations on such bond or a paper attached thereto of the portion thereof so redeemed, except that the final payment of each particular Bond of This Series shall be payable to such owner upon presentation and surrender thereof at the principal office of the Trustee. Prior to any transfer by the registered owner of any Bonds of This Series, the same shall be surrendered to the Company or the Trustee for appropriate notation thereon of, or in exchange for a new bond or bonds for, the unredeemed balance of the principal amount thereof. The Trustee shall not be under any duty to determine that any of the notations mentioned herein have been made or be liable in any manner with respect thereto.

SECTION 3. Bonds of This Series may be issued in the denomination of \$1,000, and in such multiples of \$1,000 as the Company may authorize, numbered consecutively from "RU1" upward, the execution and delivery thereof to be conclusive evidence of such authorization.

The Bonds of This Series and the Trustee's certificate of authentication thereon shall be substantially in the respective forms set forth in Exhibit B annexed hereto (any of the provisions of such Bonds may be set forth on the reverse side thereof).

SECTION 4. On each Maturity Date and on any other date on which the principal amount of the Bonds of This Series shall become due and payable, the

aggregate principal amount of the Bonds of This Series so payable shall be equal to the lesser of (i) \$45,000,000 and (ii) the aggregate principal amount of the Notes maturing on such date.

If and when any Notes are purchased by the Company and surrendered to the Note Trustee for cancellation, or the principal of any Notes is redeemed or paid by the Company, or any Additional Bonds are issued by the Company, then there shall be deemed to be paid, or in the case of mandatory or optional redemption of any Notes, correspondingly redeemed, a principal amount of the Bonds of This Series then outstanding equal to the principal amount of the Notes so purchased, redeemed or paid or the Additional Bonds so issued, as the case may be; provided, however, that such payment or redemption of the Bonds of This Series shall be deemed to be made only when and to the extent that notice of such purchase, redemption or payment of such Notes

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or issuance of such Additional Bonds is given by the Company to the Trustee.

SECTION 5. The Company shall redeem the Bonds of This Series in whole on a redemption date prior to maturity at a redemption price equal to 100% of the principal amount of the Notes outstanding on such date, plus accrued interest on the Notes to such redemption date, if the Trustee shall have received a written demand from the Note Trustee for redemption of one or more of the Bonds of This Series held by the Note Trustee stating that an "Event of Default" under the Note Indenture has occurred and is continuing, that payment of the principal of the Notes has been accelerated, that the Note Trustee is waiving notice of redemption of the Bonds of This Series and specifying a date for such redemption which shall be not less than 30 nor more than 60 days after the date of such written demand; provided, however, that the Bonds of This Series shall not be redeemed in the event that prior to such proposed redemption date (a) the Trustee shall have received a certificate of the Note Trustee (i) stating that there has been a waiver of such Event of Default and a rescission and annulment of such acceleration by the holders of the Notes in accordance with the Note Indenture or (ii) otherwise withdrawing said written demand or (b) an event of default as defined in Section 2 of Article IX of the Indenture shall have occurred and be continuing and there shall have been a declaration of acceleration of the principal of all the bonds.

SECTION 6. Bonds of This Series shall not be transferable except as required to effect assignment thereof to the Note Trustee or any successor trustee under the Note Indenture, or in the exercise of rights and remedies consequent upon an event of default thereunder, and then only by the registered owner thereof upon presentation and surrender thereof at the principal office of the Trustee in the City of Milwaukee, Wisconsin, or at the principal office of any successor in trust, and a legend to that effect may be placed on Bonds of This Series. In the case of an exchange, Bonds of This Series may be exchanged for Bonds of This Series of the same aggregate principal amount but of different authorized denomination or denominations. Any such exchanges and transfers shall be without charge (other than for taxes and other governmental charges, if any) and otherwise be subject to the terms and conditions set forth in Article II of the Indenture.

As permitted by Article II, Section 1, subdivision (c) of the Indenture and Section 12.8 of the Note Indenture, the Company shall be entitled to require that the Note Trustee present one or more Bonds of This Series to the Trustee in exchange for other Bonds of This Series with a lower interest rate and different Maturity Date and other terms which mirror the precise terms of the Notes outstanding from time to time under the Note Indenture; provided, however, that until, and notwithstanding the absence of, such exchange, the Bonds of This Series shall for all purposes of the Indenture and this

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Supplemental Indenture be deemed to have the same terms as such outstanding Notes.

Every Bond of This Series surrendered for transfer or exchange shall be accompanied by a written instrument of transfer duly executed by the registered owner or by a duly authorized attorney (transferring such bond to the Company in the case of exchanges), and the signature to such transfer power shall be guaranteed to the satisfaction of the Trustee.

All Bonds of This Series so surrendered shall be forthwith canceled and delivered to or upon the order of the Company.

All Bonds of This Series executed, authenticated and delivered in exchange for bonds so surrendered shall be valid obligations of the Company, evidencing the same debt as the bonds surrendered, and shall be secured by the same lien and be entitled to the same benefits and protections as the bonds in exchange for which they are executed, authenticated and delivered.

The Company shall not be required to make any exchange or transfer of Bonds of This Series either (i) during a period of 15 days next preceding any interest payment date but only if there is an existing default in the payment of interest on the Bonds of This Series or (ii) after the bonds so presented for exchange or transfer, or any portion thereof, have been drawn for redemption or have been called for redemption, but may do so at its option.

SECTION 7. Pending the preparation of definitive Bonds of This Series the Company may from time to time execute, and, upon its written order, the Trustee shall authenticate and deliver, in lieu of such definitive bonds and subject to the same provisions, limitations and conditions, one or more temporary printed, lithographed or typewritten bonds, in registered form, substantially of the tenor of the bonds to be issued as herein-before recited, of any denomination specified in the written order of the Company for the authentication and delivery thereof, without coupons, and with such omissions, insertions and variations as may be determined by the Board of Directors of the Company. Such temporary bonds may, in lieu of the statement of the specified redemption terms required to be set forth in Bonds of This Series in definitive form, include a reference to the Form of Bond of This Series set forth in Exhibit B annexed hereto for a statement of such redemption terms.

If any such temporary Bonds of This Series shall at any time be so

authenticated and delivered in lieu of definitive bonds, the Company shall without unreasonable delay at its own expense prepare, execute and deliver to the Trustee and there-upon, upon the presentation and surrender of temporary bonds, the Trustee shall authenticate and deliver in exchange therefor,

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without charge to the holder, definitive bonds of the same series for the same principal sum in the aggregate as the temporary bonds surrendered. All temporary bonds so surrendered shall be forthwith canceled by the Trustee and delivered to or upon the order of the Company. Until exchanged for definitive bonds, the temporary bonds shall in all respects be entitled to the lien and security of the Indenture and all supplemental indentures.

SECTION 8. Definitive Bonds of This Series may be in the form of fully engraved bonds or bonds printed or lithographed with or without steel engraved borders or typewritten bonds.

SECTION 9. In the event that an interest payment date or the maturity date or a date fixed for redemption of any Bonds of This Series shall not be a business day, then payment of interest, principal or the redemption price, as the case may be, need not be made on such date, but may be made on the next succeeding business day, with the same force and effect as if made on such interest payment date, maturity date or date fixed for redemption, and no interest shall accrue for the period after such date.

ARTICLE II

ISSUE OF BONDS OF THIS SERIES

Bonds of This Series may be executed, authenticated and delivered from time to time as permitted by the provisions of Article III of the Indenture.

ARTICLE III

SINKING FUND FOR BONDS OF THIS SERIES

The Bonds of This Series are not subject to redemption by operation of any sinking fund.

ARTICLE IV

COVENANT WITH RESPECT TO DIVIDENDS

SECTION 1. The Company covenants and agrees that, so long as any Bonds of This Series are outstanding, it will not declare or pay any dividend on its common stock (other than dividends payable solely in shares of its common stock) or make any other distribution on or purchase any shares of its common stock, unless, after giving effect to such dividend, distribution or purchase,

the aggregate of all such dividends and distributions and all amounts applied to such purchases, subsequent to December 31, 1945, shall not exceed the earned surplus of the

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Company available for dividends on its common stock accumulated subsequent to December 31, 1945.

For the purposes of this Article IV, the earned surplus of the Company available for dividends on its common stock accumulated subsequent to December 31, 1945, shall be determined in accordance with sound accounting practice; provided, however, that (i) all direct charges to earned surplus, except charges occasioned by dividends (other than dividends payable solely in common stock of the Company) or other distributions on or purchases of shares of common stock of the Company, shall be deemed to be charges against earned surplus existing at December 31, 1945, to the extent thereof, and to such extent shall not diminish earned surplus accumulated subsequent to that date, and (ii) in no event shall profits or losses resulting from the sale or abandonment of mortgaged property or other capital assets, or taxes on or in respect of any such profits, be credited to or charged against earned surplus of the Company available for dividends on its common stock accumulated subsequent to December 31, 1945.

The provisions of this Section 1 shall not apply to the acquisition of shares of common stock of the Company effected through the exchange of other shares of common stock of the Company, or otherwise acquired without expenditure of assets of the Company.

SECTION 2. The Company covenants that, so long as any Bonds of This Series are outstanding, it will file with the Trustee within four months after the close of each calendar year, beginning with the calendar year in which Bonds of This Series are first issued, an accountant's certificate stating as of the end of such calendar year (i) the earned surplus of the Company available for dividends on its common stock accumulated subsequent to December 31, 1945 and (ii) the aggregate amount of all dividends (other than dividends payable solely in shares of common stock of the Company) and other distributions on or purchases of shares of common stock of the Company subsequent to December 31, 1945.

ARTICLE V

THE TRUSTEE

The Trustee shall not be responsible in any manner whatsoever 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.

Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be

construed to be assumed, by the Trustee by reason of this Supplemental Indenture other than as set forth in the Indenture; and this Supplemental Indenture is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Indenture, as fully to all intents as if the same were herein set forth at length.

ARTICLE VI

INDENTURE AMENDMENTS

SECTION 1. The following phrase shall be added to the end of subdivision (a) following the third paragraph of Section 1 of Article II of the Indenture: "and the rate of interest applicable to the bonds of any series may vary or be adjustable from time to time in accordance with a formula or formulae determined or approved by the Board of Directors or pursuant to authority delegated by the Board of Directors as expressed in a Certified Resolution; provided, however, that the terms of any such series of bonds shall include a provision establishing a maximum, fixed rate of interest which shall be borne by the bonds of such series in the event that such variable rate or the rate as adjusted determined in accordance with such formula or formulae would exceed such fixed rate;"

SECTION 2. For the purposes of the calculation required by the first paragraph of subdivision 3(e) of Article III of the Indenture (including any other provision of the Indenture referring to such subdivision), annual interest in respect of the Bonds of This Series shall be equal to the sum of (i) the sum of the amounts determined by multiplying the principal amount of each Note, if any, outstanding on the date of such calculation which bears a fixed rate of interest by such fixed rate, plus (ii) the amount determined by multiplying the aggregate principal amount of each Note, if any, outstanding on the date of such calculation which bear interest at rates which fluctuate or may fluctuate from time to time in accordance with indices specified in such Notes by 25% per annum plus (iii) the product of (x) 25% per annum and (y) the difference between (1) \$45,000,000 and (2) the aggregate amount of Debt Securities outstanding on the date of such calculation (or, in the event that the calculation relates to the issuance of Additional Bonds, to be outstanding after giving effect to such issuance).

ARTICLE VII

MISCELLANEOUS PROVISIONS

Except in so far as herein otherwise expressly provided, all the provisions, terms and conditions of the Indenture shall be deemed to be incorporated in, and made a part of, this Supplemental Indenture; and the Indenture as supplemented by the Fifth, Seventh, Tenth and the Fourteenth through

the Seventeenth Supplemental Indentures, and by this Supplemental Indenture, is in all respects ratified and confirmed; and the Indenture and said supplemental indentures shall be read, taken and construed as one and the same instrument.

Nothing in this Supplemental Indenture is intended or shall be construed to give to any person or corporation, other than the parties hereto and the holders of bonds issued and to be issued under and secured by the Indenture, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions of this Supplemental Indenture being intended to be, and being, for the sole and exclusive benefit of the parties hereto and of the holders of bonds issued and to be issued under the Indenture and secured thereby.

All covenants, promises and agreements in this Supplemental Indenture contained by or on behalf of the Company shall bind its successors and assigns whether so expressed or not.

This Supplemental Indenture may be executed in any number of counterparts, and each of such counterparts when so executed shall be deemed to be an original; but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, MADISON GAS AND ELECTRIC COMPANY has caused this Supplemental Indenture to be executed by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed, duly attested by its Secretary or one of its Assistant Secretaries, and FIRSTAR TRUST COMPANY (formerly known as FIRST WISCONSIN TRUST COMPANY), as Trustee as aforesaid, has caused the same to be executed by one of its Vice-Presidents or

Assistant Vice-Presidents and its corporate seal to be hereunder affixed, duly attested by its Secretary or one of its Assistant Secretaries, as of the day and year first above written.

MADISON GAS AND ELECTRIC COMPANY,

By

David C. Mebane
President, Chief Executive
Officer and Chief Operating
Officer

Countersigned:

Gary J. Wolter
Vice President - Administration
and Secretary

Signed, sealed, acknowledged
and delivered by Madison
Gas and Electric Company in
the presence of:

Joseph T. Krzos

[CORPORATE SEAL]

Linda L. Schaak

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FIRSTAR TRUST COMPANY,
as Trustee,

By

Joseph S. Quinn
Vice President

Countersigned:

Thomas P. Coughlin
Assistant Secretary

Signed, sealed, acknowledged
and delivered by Firststar Trust
Company (formerly known as First
Wisconsin Trust Company) in
the presence of:

Yvonne Siira

[CORPORATE SEAL]

Julieann Matthews

STATE OF WISCONSIN)
) SS:
DANE COUNTY)

Personally came before me this ____ day of _____, 1994, David C. Mebane, to me known to be the President, Chief Executive Officer and Chief Operating Officer, and Gary J. Wolter, to me known to be the Vice President - Administration and Secretary, of the above-named MADISON GAS AND ELECTRIC COMPANY, one of the corporations described in and which executed the foregoing instrument, and to me known to be the persons who as such officers executed the foregoing instrument in the name and behalf of said corporation, and acknowledged the same, and acknowledged that the seal affixed to said instrument is the corporate seal of said corporation, and that they signed, sealed and delivered said instrument in the name and behalf of said corporation by authority of its Board of Directors, and said David C. Mebane and Gary J. Wolter then and there acknowledged said instrument to be the free act and deed of said corporation by each of them voluntarily executed.

Given under my hand and notarial seal this _____ day of _____, 1994.

Nancy J. Harrington
Notary Public, State of Wisconsin

My commission expires: October 8, 1995

[NOTARY SEAL]

STATE OF WISCONSIN)
) SS.:
MILWAUKEE COUNTY)

Personally came before me this ____ day of _____, 1994, Joseph S. Quinn, to me known to be a Vice President, and Thomas P. Coughlin, to me known to be an Assistant Secretary, of the above-named FIRSTAR TRUST COMPANY (formerly known as FIRST WISCONSIN TRUST COMPANY), one of the corporations described in and which executed the foregoing instrument, and to me known to be the persons who as such officers executed the foregoing instrument in the name and behalf of said corporation, and acknowledged the same, and acknowledged that

the seal affixed to said instrument is the corporate seal of said corporation, and that they signed, sealed and delivered said instrument in the name and behalf of said corporation by authority of its Board of Directors, and said Joseph S. Quinn and Thomas P. Coughlin, then and there acknowledged said instrument to be the free act and deed of said corporation by each of them voluntarily executed.

Given under my hand and notarial seal this ____ day of _____, 1994.

Julieann Matthews
Notary Public, State of Wisconsin

My commission expires June 23, 1996.

[NOTARY SEAL]

This instrument drafted by:

Thomas C. Judge, Esq.
Michael, Best & Friedrich
100 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-4108

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EXHIBIT "A"

To the Eighteenth Supplemental Indenture

The Property of the Company, acquired after execution and delivery of the Seventeenth Supplemental Indenture, referred to in paragraph First, at page -----
2 of the foregoing Eighteenth Indenture, located in the counties named below, in the State of Wisconsin, is described as follows:

[To be inserted at time of execution]

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EXHIBIT "B"

To the Eighteenth Supplemental Indenture

(Form of Bond of This Series)

THIS BOND IS NOT TRANSFERABLE EXCEPT TO A SUCCESSOR TRUSTEE UNDER THE

INDENTURE OF TRUST, DATED AS OF MARCH 1, 1994, FROM MADISON GAS AND ELECTRIC

COMPANY TO M&I FIRST NATIONAL BANK, AS TRUSTEE, OR IN THE EXERCISE OF RIGHTS AND

REMEDIES UNDER THE NOTE INDENTURE DEFINED BELOW.

MADISON GAS AND ELECTRIC COMPANY

First Mortgage Bonds, 2029 Series

Due January 15, 2029

No. _____ \$ _____

MADISON GAS AND ELECTRIC COMPANY (hereinafter called the "Company"), a corporation of the State of Wisconsin, for value received, hereby promises to pay to

or registered assigns, on January 15, 2029 (or on such earlier date or dates as of which any of the Notes (as hereinafter defined) shall mature (each such date being hereinafter referred to as a "Maturity Date), the sum of

Dollars in lawful money of the United States of America, and to pay interest thereon with respect to any interest payment date at the rate equal to such rate or rates per annum as shall cause the aggregate amount of interest payable on this bond to equal the aggregate amount of interest payable on the Notes on such date or 25% per annum, whichever is less, in like lawful money, payable on the fifteenth day of January and July in each year until the Company's obligation with respect to the payment of such principal sum shall be discharged as provided in the indentures hereinafter mentioned. The principal of, premium, if any, and interest on this bond shall be payable in lawful money of the United States of America in immediately available funds to the person in whose name this bond is registered, at the address thereof appearing on the registry books of the Company, except that final payment hereon shall be made to such person upon presentation and surrender hereof at the principal office of the Trustee hereinafter referred to. So long as there shall be no existing default in the payment of interest on this bond, the interest payable hereon on any interest payment date shall be payable to the person in whose name this bond is registered at the close of business on the 10th business day prior to such interest payment date, notwithstanding any transfer or exchange of this bond subsequent to such record date and on or prior to

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such interest payment date. If and to the extent the Company shall default in

the payment of interest on such interest payment date, such defaulted interest shall, upon the subsequent payment thereof, be paid to the person in whose name this bond is registered on the date of such payment.

This bond is one, of the series hereinafter specified, of the bonds of the Company (herein called the "bonds") known as its "First Mortgage Bonds," issued and to be issued in one or more series under, and all equally and ratably secured by, an Indenture of Mortgage and Deed of Trust, dated as of January 1, 1946, duly executed by the Company to First Wisconsin Trust Company (now known as Firststar Trust Company), Trustee (herein called the "Trustee"), to which Indenture and all indentures supplemental thereto (herein collectively called the "Indenture") 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, issued and secured, and the rights of the bearers or registered owners of the bonds and of the Trustee in respect of such security. As provided in the Indenture, the bonds may be for various principal sums and are issuable in series, which may mature at different times, may bear interest at different rates and may otherwise vary as therein provided.

This bond is one of a series created by the Eighteenth Supplemental Indenture, dated as of March 1, 1994, between the Company and the Trustee (the "Supplemental Indenture"), which is supplemental to the Indenture. The bonds of this series (hereinafter called the "Bonds of This Series") are issued in order to secure the Company's obligation to pay the principal of, premium, if any, and interest on the Company's Secured Medium-Term Notes, Series A (the "Notes"), issuable by the Company from time to time under and pursuant to an Indenture dated as of March 1, 1994 (the "Note Indenture"), executed and delivered by the Company to M&I First National Bank, as trustee (the "Note Trustee"). The Notes are payable from payments made, or caused to be made, by the Company of principal of, premium, if any, and interest on the Bonds of This Series. Upon certain terms and conditions, amounts paid by the Company for the purchase or redemption of the Notes shall be applied against payment obligations in connection with the Bonds of This Series and to the extent so applied shall satisfy a like amount otherwise due in respect of the Bonds of This Series.

To the extent permitted by the Indenture, modifications or alterations of the Indenture or of any indenture supplemental thereto and of the rights and obligations of the Company and of the bearers or registered owners of the bonds and coupons may be made, and compliance with the Indenture or any such supplemental indenture may be waived, with the consent of the Company, by an affirmative vote of the bearers or registered owners of not less than 66-2/3% in principal amount of the bonds entitled to vote at a meeting of bondholders called and held as provided in said

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Indenture and by an affirmative vote of not less than 66-2/3% in principal amount of the bonds entitled to vote of each series affected by such modification or alteration or waiver in case one or more, but less than all, of the series of bonds then outstanding under the Indenture are so affected; provided, however, that no such modification or alteration or waiver shall be

made which will (a) affect the terms of payment of the principal of, or premium, if any, or interest on, this bond, or the right of the registered owner hereof to institute suit for the enforcement of any such payment on or after the respective due dates expressed in this bond, or (b) otherwise than as permitted by the Indenture, permit the creation by the Company of any mortgage lien ranking prior to or on a parity with the lien of the Indenture or of any indenture supplemental thereto, with respect to any property covered thereby, or give to any bond or bonds secured by the Indenture any preference over any other bond or bonds so secured, or deprive any bondholders of the security afforded by the lien of the Indenture, or (c) reduce the percentage in principal amount of the bonds required to authorize any such modification or alteration or waiver; all as more fully provided in the Indenture.

On each Maturity Date and on any other date on which the principal amount of the Bonds of This Series shall become due and payable, principal on the Bonds of This Series shall be payable in an amount equal to the lesser of (i) \$45,000,000 and (ii) the aggregate principal amount of the Notes maturing on such date.

In the event that the Trustee or the Company is notified by the Note Trustee that (a) an event of default under the Note Indenture has occurred and is continuing, and (b) the Note Trustee has declared the principal of all Notes then outstanding immediately due and payable thereunder, then the Company shall call for redemption and redeem all of the Bonds of This Series then outstanding at a price equal to 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption; provided, however, that such requirement of redemption shall be deemed to be waived if prior to the date fixed for such redemption of the Bonds of This Series such event of default is waived or notice withdrawn.

Notice of any redemption as hereinbefore described shall be mailed at least 30 and not more than 45 days prior to the redemption date to the registered owner of the bonds so to be redeemed, at its address as the same shall appear on the Company's books for registration of transfer, all subject to the conditions and as more fully set forth in the Indenture and in the Supplemental Indenture and provided that such notice may be waived as set forth in the Note Indenture. In the event of the selection for redemption of a portion only of the principal of this bond, payment of the redemption price will be made only (a) upon presentation of this bond for notation hereon of such payment, (b) upon surrender of this bond in exchange for a Bond

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or Bonds of This Series (but only of authorized denominations) for the unredeemed balance of the principal amount of this bond, or (c) upon receipt by the Company and the Trustee of a written commitment as provided in Section 2 of Article I of the Supplemental Indenture.

In case an event of default as defined in the Indenture shall occur, the principal of this bond may become or be declared due and payable in the manner, and with the effect, and subject to the conditions provided in the Indenture.

If and when any Notes are purchased by the Company and surrendered to the Note Trustee for cancellation, or the principal of any Notes is redeemed or paid by the Company, or any Additional Bonds (as defined in the Supplemental Indenture) are issued by the Company, then there shall be deemed to have been paid, or in the case of mandatory or optional redemption of any Notes, correspondingly redeemed, a principal amount of the Bonds of This Series then outstanding equal to the principal amount of the Notes so purchased, redeemed or paid or Additional Bonds so issued; provided, however, that with respect to the Notes such payment or redemption of the Bonds of This Series shall be deemed to have been made only when and to the extent that notice of such purchase, redemption or payment of such Notes is given by the Company to the Trustee.

This bond is not transferable except to the Note Trustee, or any successor trustee, or in the exercise of rights and remedies consequent upon an event of default under the Note Indenture. To the extent that it is transferable, it is transferable by the registered owner hereof in person, or by attorney duly authorized in writing, at the principal office of the Trustee in the City of Milwaukee, Wisconsin, or at the principal office of any successor in trust, upon presentation and surrender of this bond, accompanied by a written instrument of transfer duly executed by the registered owner or a duly authorized attorney, with the signature guaranteed to the satisfaction of the Trustee. Upon any such transfer a new registered Bond of This Series in the same aggregate principal amount will be issued to the transferee in exchange therefor, and in the manner provided in the Supplemental Indenture, Bonds of This Series may at the option of the registered owners (or, in certain instances specified in the Supplemental Indenture, at the direction of the Company), and upon surrender at said office of the Trustee, or of any successor in trust, be exchanged for Bonds of This Series of the same aggregate principal amount in larger or smaller authorized denominations, all without charge (except for any stamp tax or other governmental charge).

The Company and the Trustee and any paying agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest hereon and for all other purposes, and neither the Company nor the Trustee

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nor any paying agent shall be affected by any notice to the contrary.

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 or any indenture supplemental thereto, against any incorporator, or against any stockholder, director or officer, past, present or future, of the Company, as such, or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stock-holders, directors

or officers being waived and released by every owner hereof by the acceptance of this bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Indenture.

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

IN WITNESS WHEREOF, MADISON GAS AND ELECTRIC COMPANY has caused this bond to be signed in its name by the manual or facsimile signature of its President or one of its Vice Presidents, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries.

Dated: MADISON GAS AND ELECTRIC COMPANY,

By

David C. Mebane
President, Chief Executive
Officer and Chief Operating
Officer

Attest:

Gary J. Wolter
Vice President - Administration
and Secretary

[CORPORATE SEAL]

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(Form of Trustee's Certificate)

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

FIRSTAR TRUST COMPANY,
as Trustee,

By

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(Form of Prepayment Record)

PREPAYMENT RECORD

Principal Amount of Bond \$
Due January 15, 2029

Prepayments on and Redemptions of Principal

Amount	Date	Balance Outstanding	Signature of Authorized Officer and Title
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[_____]
SUPPLEMENTAL INDENTURE

MADISON GAS AND ELECTRIC COMPANY

TO

FIRSTAR TRUST COMPANY
(FORMERLY KNOWN AS
FIRST WISCONSIN TRUST COMPANY),

TRUSTEE

DATED AS OF _____, 199__

CREATING AN ISSUE OF ___%
FIRST MORTGAGE BONDS, _____ SERIES

SUPPLEMENTAL TO INDENTURE OF
MORTGAGE AND DEED OF TRUST
DATED AS OF JANUARY 1, 1946

=====

_____ Supplemental Indenture, dated as of the _____ day
of _____, 199__, between MADISON GAS AND ELECTRIC COMPANY, a
corporation duly organized and existing under and by virtue of the laws of the
State of Wisconsin (hereinafter called the "Company"), party of the first part,
and FIRSTAR TRUST COMPANY (formerly known as FIRST WISCONSIN TRUST COMPANY), a
corporation duly organized and existing under and by virtue of the laws of the
State of Wisconsin, having its principal place of business in the City of
Milwaukee, Wisconsin (hereinafter called the "Trustee"), as Trustee under the
Indenture hereinafter mentioned, party of the second part:

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture of Mortgage and Deed of Trust (hereinafter called the "Indenture"), dated as of January 1, 1946, to secure the Company's First Mortgage Bonds, unlimited in aggregate principal amount except as therein otherwise provided, and has heretofore executed and delivered to the Trustee _____ supplemental indentures creating _____ series of bonds, bonds of _____ of which series are outstanding as of the date hereof; and

WHEREAS, the Company desires in and by this _____ Supplemental Indenture (hereinafter called "this Supplemental Indenture") to create a _____ series of bonds to be issued under the Indenture, to designate or otherwise distinguish such series, to specify the particulars necessary to describe and define the same, and to specify such other provisions and agreements in respect thereof as are in said Indenture provided or permitted; and

WHEREAS, the Company also desires in and by this Supplemental Indenture to record the description of, and confirm unto the Trustee, certain property acquired after execution and delivery of the _____ Supplemental Indenture; and

WHEREAS, all the conditions and requirements necessary to make this Supplemental Indenture, when duly executed and delivered, a valid, binding and legal instrument in accordance with its terms and for the purposes herein expressed have been done, performed, and fulfilled, and the execution and delivery of this Supplemental Indenture in the form and with the terms hereof have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and in further consideration of the sum of One Dollar in lawful money of the United States of America paid to the Company by the Trustee at or before the execution and delivery of this Supplemental Indenture, the receipt whereof is hereby acknowledged, and of other good and valuable considerations, it is agreed by and between the Company and the Trustee as follows:

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CONFIRMATION OF CONVEYANCE OF CERTAIN PROPERTY ACQUIRED AFTER EXECUTION AND DELIVERY OF THE _____ SUPPLEMENTAL INDENTURE

First. The Company records in Exhibit "A" to this Supplemental

Indenture, which is annexed hereto and made a part hereof, the description of, and hereby confirms unto the Trustee, the property therein described which has been acquired by the Company after the execution and delivery of the _____ Supplemental Indenture and is now subject to the lien of the Indenture in all respects as if originally described therein, to have and to hold such property in trust, upon all the terms and trusts and subject to all the matters and to all conditions, all to the same extent and with the same

force and effect as though conveyed by the Indenture in the first instance.

Second. The Company also hereby confirms unto the Trustee all other

property of every kind, character and description (other than Excepted Property as defined in the Indenture), acquired or constructed by the Company after the execution and delivery of the _____ Supplemental Indenture, located in the Counties of Dane, Columbia, Kewaunee, Fond du Lac, Green Lake, Dodge, Iowa, Juneau, Monroe and Vernon [and _____], State of Wisconsin, or elsewhere, including, without limiting the generality of the foregoing, all transmission lines, pipe lines, additions to electric generating plants and to gas works, substations, and electric and gas distribution systems and facilities, including those now under construction; also all franchises, leases, permits, easements, rights of way, consents and licenses; all of said property being now subject to the lien of the Indenture in all respects as if originally described therein; together with all and singular the easements, hereditaments and appurtenances belonging or in any wise appertaining to the property above described or referred to, and all the estate, title, claims and demands whatsoever, as well in law as in equity, of the Company in and to the same and any and every part and parcel thereof; and all and singular the rents, issues, profits, tolls and other income thereof; excepting always Excepted Property as defined in the Indenture.

ARTICLE I

_____% FIRST MORTGAGE BONDS, _____ SERIES

SECTION 1. There is hereby created a series of bonds to be issued under and secured by the Indenture, to be designated, distinguished and known as "_____% First Mortgage Bonds, _____ Series" of the Company (hereinafter called "Bonds of This Series"). Bonds of This Series may be issued without limitation as to aggregate principal amount except as provided in the Indenture and this Supplemental Indenture. Bonds of This Series shall be issued as fully registered bonds without coupons and shall be dated as of the interest payment date next preceding

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the authentication thereof by the Trustee, except that: (i) if any Bond of This Series shall be authenticated before _____, 199__ it shall be dated as of _____, 199__ (unless (iii) below is applicable); (ii) if the Company shall at the time of authentication of a Bond of This Series be in default in the payment of interest upon Bonds of This Series, such Bond of This Series shall be dated as of the date of the beginning of the period for which such interest is so in default; and (iii) so long as there is no existing default in the payment of interest on Bonds of This Series, if any Bond of This Series shall be authenticated at any time after the close of business on any record date, as hereinafter defined, with respect to any interest payment date (_____ or _____, as the case may be) and on or prior to such

interest payment date, it shall be dated as of such interest payment date.

The registered owner of any Bond of This Series dated as of an interest payment date as provided in (iii) above shall, if the Company has defaulted in the payment of interest due on such interest payment date and such default shall be continuing, be entitled to exchange such Bond of This Series for a Bond or Bonds of This Series of the same aggregate principal amount dated as of the interest payment date next preceding the interest payment date first mentioned in this sentence. If the Trustee shall have knowledge at any time that any registered owner of a Bond of This Series shall be entitled by the provisions of the next preceding sentence to exchange such Bond of This Series, the Trustee shall within 30 days mail to such owner at the address of such owner appearing upon the registry book of the Company a notice informing such owner that such owner has such right of exchange.

Each of the Bonds of This Series shall mature _____, _____. The principal of, premium, if any, and interest on each Bond of This Series shall be payable in lawful money of the United States of America at the principal office of the Trustee in the City of Milwaukee, Wisconsin, or at the principal office of any successor in trust; provided that, at the option of the Company, the interest on each Bond of This Series shall be payable by check mailed to the registered owner. The rate of interest on each Bond of This Series shall be ___% per annum, payable on the _____ day of _____ and _____ of each year; and the terms of redemption for each Bond of This Series shall be as referred to in Section 2 of this Article I.

So long as there shall be no existing default in the payment of interest on the Bonds of This Series, the person in whose name any Bond of This Series is registered at the close of business on the record date (as hereinafter defined) with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding any transfer or exchange of such Bond of This Series subsequent to such record date and on or prior to such interest payment date. If and to the extent the Company shall default in the

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payment of the interest due on such interest payment date, such defaulted interest shall, upon the subsequent payment thereof, be paid to the person in whose name such Bond of This Series is registered on the date of such payment.

The term "record date" as used herein with respect to any interest payment date shall mean the 10th business day prior to such interest payment date. The term "business day" as used herein shall mean any day other than a Saturday or a Sunday or a day on which the offices of the Trustee are closed pursuant to authorization of law.

SECTION 2. The Bonds of This Series shall be redeemable prior to maturity, in whole at any time or in part from time to time except as hereinafter provided, either at the option of the Company or pursuant to the

requirements of the Indenture, on notice given in the manner and with the effect provided in Article IV of the Indenture and as in this Section 2 provided, at the applicable redemption prices provided in the Form of Bond of This Series set forth in Exhibit B annexed hereto.

In case the Company shall at any time elect to redeem in accordance with this Supplemental Indenture, all or any part of the Bonds of This Series, it shall give notice to the effect that it has so elected to redeem all or a part thereof, as the case may be, on a date therein designated, specifying in case of redemption of a part of the Bonds of This Series the distinctive numbers of the bonds to be redeemed (and the portion thereof to be redeemed in the case of partial redemption of any bond), and in every case stating the applicable redemption price, the provision of this Supplemental Indenture pursuant to which such redemption is being made and in substance that on said date there will become and be due and payable upon each bond or portion thereof so to be redeemed, at the principal office of the Trustee in the City of Milwaukee, Wisconsin, or at the principal office of any successor in trust, the redemption price thereof hereinbefore in this Section 2 referred to, and that on and after such date interest thereon will cease to accrue.

Such notice shall be mailed by the Company, postage prepaid, at least 30 and not more than 45 days prior to such date of redemption, to the registered owners of all Bonds of This Series to be so redeemed, at their respective addresses appearing upon the register thereof. Any notice which is mailed as herein provided shall be conclusively presumed to have been properly and sufficiently given on the date of such mailing, whether or not the holder receives such notice. In any case, failure to give due notice by mail, or any defect in such notice, to the registered owner of any Bond of This Series designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Bond of This Series.

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Notice of redemption having been given as aforesaid, the Bonds of This Series so called for redemption, or the specified portions thereof, shall, on the date designated in such notice, become due and payable at the then applicable redemption price, and upon presentation and surrender thereof, accompanied by a written instrument of transfer duly executed by the registered owner or by a duly authorized attorney with the signature guaranteed to the satisfaction of the Trustee, such bonds or the specified portions thereof shall be paid and redeemed at said redemption price, and on and after said redemption date interest on said bonds shall cease to accrue.

In case of any redemption of Bonds of This Series by the Trustee pursuant to the provisions of the Indenture, notice of redemption shall be given by the Trustee in a similar manner as hereinabove provided.

SECTION 3. Bonds of This Series may be issued in the denomination of \$1,000, and in such multiples of \$1,000 as the Company may authorize, numbered consecutively from "RU1" upward, the execution and delivery thereof to be

conclusive evidence of such authorization.

The Bonds of This Series and the Trustee's certificate of authentication thereon shall be substantially in the respective forms set forth in Exhibit B annexed hereto (any of the provisions of such Bonds may be set forth on the reverse side thereof).

SECTION 4. Bonds of This Series shall be transferable and exchangeable at the option of the registered owners thereof upon presentation and surrender thereof at the principal office of the Trustee in the City of Milwaukee, Wisconsin, or at the principal office of any successor in trust. In the case of an exchange, Bonds of This Series may be exchanged for bonds of the same aggregate principal amount but of different authorized denomination or denominations. Any exchanges and transfers shall be without charge (other than for taxes and other governmental charges, if any) and otherwise be subject to the terms and conditions set forth in Article II of the Indenture.

Every Bond of This Series so surrendered for transfer or exchange shall be accompanied by a written instrument of transfer duly executed by the registered owner or by duly authorized attorney (transferring such bond to the Company in the case of exchanges), and the signature to such transfer power shall be guaranteed to the satisfaction of the Trustee.

All Bonds of This Series so surrendered shall be forthwith cancelled and delivered to or upon the order of the Company.

All Bonds of This Series executed, authenticated and delivered in exchange for bonds so surrendered shall be valid

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obligations of the Company, evidencing the same debt as the bonds surrendered, and shall be secured by the same lien and be entitled to the same benefits and protection as the bonds in exchange for which they are executed, authenticated and delivered.

The Company shall not be required to make any exchange or transfer of Bonds of This Series either (i) during a period of 15 days next preceding any interest payment date but only if there is an existing default in the payment of interest on the Bonds of This Series or (ii) after the bonds so presented for exchange or transfer, or any portion thereof, have been drawn for redemption or have been called for redemption, but may do so at its option.

SECTION 5. Pending the preparation of definitive Bonds of This Series the Company may from time to time execute, and, upon its written order, the Trustee shall authenticate and deliver, in lieu of such definitive bonds and subject to the same provisions, limitations and conditions, one or more temporary printed, lithographed or typewritten bonds, in registered form, substantially of the tenor of the bonds to be issued as hereinbefore recited, of any denomination specified in the written order of the Company for the

authentication and delivery thereof, without coupons, and with such omissions, insertions and variations as may be determined by the Board of Directors of the Company. Such temporary bonds may, in lieu of the statement of the specified redemption prices required to be set forth in Bonds of This Series in definitive form, include a reference to the Form of Bond of This Series set forth in Exhibit B annexed hereto for a statement of such redemption prices.

If any such temporary Bonds of This Series shall at any time be so authenticated and delivered in lieu of definitive bonds, the Company shall without unreasonable delay at its own expense prepare, execute and deliver to the Trustee and thereupon, upon the presentation and surrender of temporary bonds, the Trustee shall authenticate and deliver in exchange therefor, without charge to the holder, definitive bonds of the same series for the same principal sum in the aggregate as the temporary bonds surrendered. All temporary bonds so surrendered shall be forthwith cancelled by the Trustee and delivered to or upon the order of the Company. Until exchanged for definitive bonds, the temporary bonds shall in all respects be entitled to the lien and security of the Indenture and all supplemental indentures.

SECTION 6. Definitive Bonds of This Series may be in the form of fully engraved bonds or bonds printed or lithographed with or without steel engraved borders or typewritten bonds.

SECTION 7. In the event that an interest payment date or the maturity date or a date fixed for redemption of any Bonds of This Series shall not be a business day, then payment of

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interest, principal or the redemption price, as the case may be, need not be made on such date, but may be made on the next succeeding business day, with the same force and effect as if made on such interest payment date, maturity date or date fixed for redemption, and no interest shall accrue for the period after such date.

ARTICLE II

ISSUE OF BONDS OF THIS SERIES

Bonds of This Series may be executed, authenticated and delivered from time to time as permitted by the provisions of Article III of the Indenture.

ARTICLE III

SINKING FUND FOR BONDS OF THIS SERIES

[Sinking Fund provisions, if any, to be inserted at time of execution.]

ARTICLE IV

COVENANT WITH RESPECT TO DIVIDENDS

SECTION 1. The Company covenants and agrees that, so long as any Bonds of This Series are outstanding, it will not declare or pay any dividend on its common stock (other than dividends payable solely in shares of its common stock) or make any other distribution on or purchase any shares of its common stock, unless, after giving effect to such dividend, distribution or purchase, the aggregate of all such dividends and distributions and all amounts applied to such purchases, subsequent to December 31, 1945, shall not exceed the earned surplus of the Company available for dividends on its common stock accumulated subsequent to December 31, 1945.

For the purposes of this Article IV, the earned surplus of the Company available for dividends on its common stock accumulated subsequent to December 31, 1945, shall be determined in accordance with sound accounting practice; provided, however, that (i) all direct charges to earned surplus, except charges occasioned by dividends (other than dividends payable solely in common stock of the Company) or other distributions on or purchases of shares of common stock of the Company, shall be deemed to be charges against earned surplus existing at December 31, 1945, to the extent thereof, and to such extent shall not diminish earned surplus accumulated subsequent to that date, and (ii) in no event shall profits or losses resulting from the sale or abandonment of mortgaged property or other capital

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assets, or taxes on or in respect of any such profits, be credited to or charged against earned surplus of the Company available for dividends on its common stock accumulated subsequent to December 31, 1945.

The provisions of this Section 1 shall not apply to the acquisition of shares of common stock of the Company effected through the exchange of other shares of common stock of the Company, or otherwise acquired without expenditure of assets of the Company.

SECTION 2. The Company covenants that, so long as any Bonds of This Series are outstanding, it will file with the Trustee within four months after the close of each calendar year, beginning with the calendar year in which Bonds of This Series are first issued, an accountant's certificate stating as of the end of such calendar year (i) the earned surplus of the Company available for dividends on its common stock accumulated subsequent to December 31, 1945 and (ii) the aggregate amount of all dividends (other than dividends payable solely in shares of common stock of the Company) and other distributions on or purchases of shares of common stock of the Company subsequent to December 31, 1945.

ARTICLE V

THE TRUSTEE

The Trustee shall not be responsible in any manner whatsoever 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.

Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture other than as set forth in the Indenture; and this Supplemental Indenture is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Indenture, as fully to all intents as if the same were herein set forth at length.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Except in so far as herein otherwise expressly provided, all the provisions, terms and conditions of the Indenture shall be deemed to be incorporated in, and made a part of, this Supplemental Indenture; and the Indenture as

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supplemented by the _____ through the _____ Supplemental Indentures, and by this Supplemental Indenture, is in all respects ratified and confirmed; and the Indenture and said supplemental indentures shall be read, taken and construed as one and the same instrument.

Nothing in this Supplemental Indenture is intended or shall be construed to give to any person or corporation, other than the parties hereto and the holders of bonds issued and to be issued under and secured by the Indenture, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions of this Supplemental Indenture being intended to be, and being, for the sole and exclusive benefit of the parties hereto and of the holders of bonds issued and to be issued under the Indenture and secured thereby.

All covenants, promises and agreements in this Supplemental Indenture contained by or on behalf of the Company shall bind its successors and assigns whether so expressed or not.

This Supplemental Indenture may be executed in any number of

counterparts, and each of such counterparts when so executed shall be deemed to be an original; but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, MADISON GAS AND ELECTRIC COMPANY has caused this Supplemental Indenture to be executed by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed, duly attested by its Secretary or one of its Assistant Secretaries, and FIRSTAR TRUST COMPANY, as Trustee as aforesaid, has caused the same to be executed by one of its Vice-Presidents or Assistant Vice-Presidents and its corporate seal to

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be hereunto affixed, duly attested by its Secretary or one of its Assistant Secretaries, as of the day and year first above written.

MADISON GAS AND ELECTRIC COMPANY,

By

[Name and Title]

Countersigned:

[Name and Title]

[CORPORATE SEAL]

Signed, sealed, acknowledged
and delivered by Madison
Gas and Electric Company in
the presence of:

[Name]

[Name]

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FIRSTAR TRUST COMPANY,
as Trustee,

By

[Name and Title]

Countersigned:

[CORPORATE SEAL]

[Name and Title]

Signed, sealed, acknowledged
and delivered by Firststar
Trust Company in the
presence of:

[Name]

[Name]

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STATE OF WISCONSIN)
) SS:
____ COUNTY)

Personally came before me this ____ day of _____, 199__,
_____, to me known to be the
_____, and _____, to me known to be
the _____, of the above-named MADISON GAS AND
ELECTRIC COMPANY, one of the corporations described in and which executed the
foregoing instrument, and to me known to be the persons who as such officers
executed the foregoing instrument in the name and behalf of said corporation,
and acknowledged the same, and acknowledged that the seal affixed to said
instrument is the corporate seal of said corporation, and that they signed,
sealed and delivered said instrument in the name and behalf of said corporation
by authority of its Board of Directors, and said _____ and
_____ then and there acknowledged said instrument to be the
free act and deed of said corporation by each of them voluntarily executed.

Given under my hand and notarial seal this ____ day of
_____, 199__.

EXHIBIT "A"

To the _____ Supplemental Indenture

The property of the Company, acquired after execution and delivery of the _____ Supplemental Indenture, referred to in paragraph First, at -----
page 2 of the foregoing _____ Indenture, located in the counties named below, in the State of Wisconsin, is described as follows:

[To be inserted at time of execution]

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EXHIBIT "B"

To the _____ Supplemental Indenture

(Form of Bond of This Series)

MADISON GAS AND ELECTRIC COMPANY

___% First Mortgage Bonds, _____ Series

Due _____, _____

No. _____

\$ _____

MADISON GAS AND ELECTRIC COMPANY (hereinafter called the "Company"), a corporation of the State of Wisconsin, for value received, hereby promises to pay to

or registered assigns, on _____, _____, the sum of

Dollars in lawful money of the United States of America, and to pay interest thereon from the date hereof at the rate of ___ per annum, in like lawful money, payable on the _____ day of _____ and _____ in each year until the Company's obligation with respect to the payment of such principal sum shall be discharged as provided in the indentures hereinafter mentioned. The principal of, premium, if any, and interest on this bond shall be payable to the person in whose name this bond is registered, at the principal office of the Trustee hereinafter referred to, in the City of Milwaukee,

Wisconsin, or at the principal office of any successor in trust; provided that, at the option of the Company, the interest on this bond shall be payable by check mailed to such registered owner. So long as there shall be no existing default in the payment of interest on this bond, the interest payable hereon on any interest payment date shall be payable to the person in whose name this bond is registered at the close of business on the 10th business day prior to such interest payment date, notwithstanding any transfer or exchange of this bond subsequent to such record date and on or prior to such interest payment date. If and to the extent the Company shall default in the payment of interest on such interest payment date, such defaulted interest shall, upon the subsequent payment thereof, be paid to the person in whose name this bond is registered on the date of such payment.

This bond is one, of the series hereinafter specified, of the bonds of the Company (herein called the "bonds") known as its "First Mortgage Bonds," issued and to be issued in one or more series under, and all equally and ratably secured by, an Indenture of Mortgage and Deed of Trust, dated as of January 1, 1946, duly executed by the Company to First Wisconsin Trust

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Company (now known as Firststar Trust Company), Trustee (herein called the "Trustee"), to which Indenture and all indentures supplemental thereto (herein collectively called the "Indenture") 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, issued and secured, and the rights of the bearers or registered owners of the bonds and of the Trustee in respect of such security. As provided in the Indenture, the bonds may be for various principal sums and are issuable in series, which may mature at different times, may bear interest at different rates and may otherwise vary as therein provided. This bond is one of a series entitled " % First Mortgage Bonds, Series" (herein called the "Bonds of This Series") created by the Supplemental Indenture (herein called the "Supplemental Indenture"), dated as of , 199 , between the Company and the Trustee.

To the extent permitted by the Indenture, modifications or alterations of the Indenture or of any indenture supplemental thereto and of the rights and obligations of the Company and of the bearers or registered owners of the bonds and coupons may be made, and compliance with the Indenture or any such supplemental indenture may be waived, with the consent of the Company, by an affirmative vote of the bearers or registered owners of not less than 66-2/3% in principal amount of the bonds entitled to vote at a meeting of bondholders called and held as provided in said Indenture and by an affirmative vote of not less than 66-2/3% in principal amount of the bonds entitled to vote of each series affected by such modification or alteration or waiver in case one or more, but less than all, of the series of bonds then outstanding under the Indenture are so affected; provided, however, that no such modification or alteration or waiver shall be made which will (a) affect the terms of payment of the principal of, or premium, if any, or interest on, this bond, or the right of

the registered owner hereof to institute suit for the enforcement of any such payment on or after the respective due dates expressed in this bond, or (b) otherwise than as permitted by the Indenture, permit the creation by the Company of any mortgage lien ranking prior to or on a parity with the lien of the Indenture or of any indenture supplemental thereto, with respect to any property covered thereby, or give to any bond or bonds secured by the Indenture any preference over any other bond or bonds so secured, or deprive any bondholder of the security afforded by the lien of the Indenture, or (c) reduce the percentage in principal amount of the bonds required to authorize any such modification or alteration or waiver; all as more fully provided in the Indenture.

[Redemption provisions, if any, to be inserted at time of execution.]

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In the event that any bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise or at the date fixed for the redemption thereof, and the Company shall have on deposit with the Trustee in trust for the purpose, on the date when such bond is so due, funds sufficient to pay the principal of, and premium, if any, on, such bond, together with all interest due thereon to the date of maturity of such bond or to the date fixed for the redemption thereof, then all liability of the Company to the registered owner of said bond for the payment of the principal thereof and premium, if any, and interest thereon shall forthwith cease, determine and be completely discharged and such registered owner shall no longer be entitled to any lien or benefit of the Indenture.

Notice of any redemption as described above shall be mailed at least 30 and not more than 45 days prior to the redemption date to the registered owners of the bonds to be redeemed, at their respective addresses appearing upon the registry thereof, all subject to the conditions and as more fully set forth in the Indenture and the Supplemental Indenture. In the event of the selection for redemption of a portion only of the principal of this bond, payment of the redemption price will be made only (a) upon presentation of this bond for notation hereon of such payment, or (b) upon surrender of this bond in exchange for a Bond or Bonds of This Series (but only of authorized denominations) for the unredeemed balance of the principal amount of this bond.

In case an event of default as defined in the Indenture shall occur, the principal of this bond may become or be declared due and payable in the manner, and with the effect, and subject to the conditions provided in the Indenture.

This bond is transferable by the registered owner hereof in person, or by attorney duly authorized in writing, at the principal office of the Trustee in the City of Milwaukee, Wisconsin, or at the principal office of any successor in trust, upon presentation and surrender of this bond, accompanied by a written instrument of transfer duly executed by the registered owner or a duly authorized attorney, with the signature guaranteed to the satisfaction of the Trustee, and upon any such transfer a new registered Bond of This Series in the

same aggregate principal amount will be issued to the transferee in exchange herefor, and, in the manner provided in the Supplemental Indenture, Bonds of This Series may at the option of the registered owners and upon surrender at said office of the Trustee, or of any successor in trust, be exchanged for Bonds of This Series of the same aggregate principal amount in larger or smaller authorized denominations, all without charge (except for any tax or other governmental charge).

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The Company and the Trustee and any paying agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest hereon and for all other purposes, and neither the Company nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

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 or any indenture supplemental thereto, against any incorporator, or against any stockholder, director or officer, past, present or future, of the Company, as such, or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stockholders, directors or officers being waived and released by every owner hereof by the acceptance of this bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Indenture.

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

IN WITNESS WHEREOF, MADISON GAS AND ELECTRIC COMPANY has caused this bond to be signed in its name by the manual or facsimile signature of its President or one of its Vice Presidents, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries.

Dated:

MADISON GAS AND ELECTRIC COMPANY,

By

[Name and Title]

Attest:

[CORPORATE SEAL]

[Name and Title]

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(Form of Trustee's Certificate)

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

FIRSTAR TRUST COMPANY,
as Trustee,

By

AUTHORIZED OFFICER

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EXHIBIT 4.5

<TABLE>						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CUSIP NUMBER			AGENT'S NAME		MADISON GAS AND ELECTRIC COMPANY	
PRINCIPAL SUM	SETTLEMENT DATE (ORIGINAL ISSUE DATE)		INTEREST RATE %	DATE OF TRANSFER		
TRADE DATE	AGENT'S COMMISSION		STATED MATURITY	INITIAL REDEMPTION DATE	TAXPAYER ID OR SOC SEC NO. OF PURCHASER	PRICE 100% (UNLESS OTHERWISE INDICATED)
NAME AND ADDRESS OF REGISTERED OWNER			SECURED MEDIUM-TERM NOTE SERIES A (FIXED RATE) CONFIRMATION			TRUSTEE AND PAYING AGENT M&I FIRST NATIONAL BANK
CUSTOMER'S COPY	RETAIN FOR TAX PURPOSES	THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER		PLEASE SIGN AND RETURN ENCLOSED RECEIPT		SEE REVERSE SIDE

</TABLE>

REGISTERED NO. _____ REGISTERED

MADISON GAS AND ELECTRIC COMPANY
SECURED MEDIUM-TERM NOTE, SERIES A
(Fixed Rate)

If this security is issued with original issue discount ("OID"), the "Total Amount of OID", "Yield to Stated Maturity" and "Initial Accrual Period OID" (computed under the approximate method) will be as set forth below for United States federal income tax purposes.

PRINCIPAL SUM:	INTEREST RATE:
ORIGINAL ISSUE DATE:	INTEREST PAYMENT DATES:
RECORD DATES:	STATED MATURITY:
TOTAL AMOUNT OF OID:	INITIAL REDEMPTION DATE:
INITIAL ACCRUAL PERIOD OID:	REDEMPTION PERCENTAGE:
YIELD TO STATED MATURITY: (for OID purposes):	ANNUAL REDEMPTION PERCENTAGE:

If applicable as described above, the redemption price shall initially be the Redemption Percentage of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage of the principal amount to be redeemed until the redemption price is 100% of such principal amount.

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the Company or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of The Depository Trust Company and any payment hereon is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

MADISON GAS AND ELECTRIC COMPANY, a Wisconsin corporation (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

or registered assigns, the Principal Sum stated above at the Stated Maturity specified above and to pay interest thereon on the Interest Payment Dates specified below in each year, at the Interest Rate per annum specified above (but not in excess off 25% per annum), from the most recent Interest Payment

Date to which interest has been paid or duly made available for payment, unless no interest has been paid on this Note, in which case from

and including the Original Issue Date specified above until payment of said principal sum has been made or duly made available for payment. Interest shall be payable semi-annually in arrears on each Interest Payment Date, which, unless specified otherwise above, shall be January 15 and July 15 of each year, and at Stated Maturity or, if applicable, upon redemption. Each payment of interest payable at Stated Maturity or, if applicable, upon redemption shall include interest accrued to, but excluding the date of Stated Maturity or, if applicable, the date of redemption. The interest so payable and punctually paid or duly made available for payment shall be paid to the person in whose name this Note is registered at the close of business on the Record Date, which, unless specified otherwise above, shall be the January 1 and July 1 (whether or not a Business Day, as defined on the reverse hereof) next preceding the January 15 and July 15 Interest Payment Dates, provided, however, that interest payable

at Stated Maturity, or, if applicable, upon redemption shall be payable to the person to whom the principal hereof shall be payable. The first payment of interest on this Note, if the Original Issue Date is between a Record Date and an Interest Payment Date or on an Interest Payment Date, shall be made on the Interest Payment Date following the next succeeding Record Date to the person in whose name this Note is registered on such Record Date. If the Company shall not punctually pay or provide payment for interest payable on any Interest Payment Date, such Defaulted Interest shall be paid to the person in whose name this Note is registered at the close of business on a special record date for the payment of such Defaulted Interest established by notice to the registered Holders of Notes not less than 15 days preceding such special record date.

Payment of principal and premium, if any, and interest payable at Stated Maturity, or upon redemption, if applicable, on this Note shall be made at the Corporate Trust Office of the Trustee in West Bend, Wisconsin, in each case in immediately available funds and provided that this Note is presented in time for the Paying Agent or the Company, if applicable, to make such payment in such funds in accordance with its normal procedures. Payment of interest shall be made by check mailed to the registered address of the person entitled thereto, unless such person and the Company have agreed that such payment will be made by wire transfer in immediately available funds. Interest on the Notes shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the Certificate of Authentication hereon has been manually executed by the Trustee under the Indenture referred to on the reverse hereof, the Holder of this Note shall not be entitled to any benefit under the Indenture nor shall this Note be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed, manually or in facsimile.

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

MADISON GAS AND ELECTRIC COMPANY

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture

By: Vice President
Attest: Secretary

M&I FIRST NATIONAL BANK, as Trustee

[Facsimile Corporate Seal]

By:

Authorized signature

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MADISON GAS AND ELECTRIC COMPANY
Secured Medium-Term Note, Series A
(Fixed Rate)

This Note is one of a duly authorized issue of securities of the Company (herein called the "Notes") issued or to be issued under an indenture dated as

of March 1, 1994 (herein called the "Indenture"), between the Company and M&I First National Bank, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the respective rights and duties thereunder of the Trustee, the Company and the Holders of the Notes and the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof. The Notes will not be subject to any sinking fund or analogous provision. This Note, together with any other Notes heretofore, concurrently or hereafter issued by the Company in accordance with the Indenture, shall be equally and ratably secured by and entitled to the benefits of the Company's First Mortgage Bonds, 2029 Series, delivered and pledged to the Trustee pursuant to the Indenture and the First Mortgage (as defined therein).

In case an Event of Default, as defined in the Indenture, relating to the Notes shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the provisions contained in the Indenture. The Indenture provides that in certain events such declaration as it affects the Notes and its consequences may be waived by the Holders of a majority in aggregate principal amount of the Notes then outstanding. Any such waiver by the Holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Note and of any Note issued upon the registration of transfer hereof or in exchange or substitution herefor, irrespective of whether or not any notation of such waiver is made upon this Note or such other Notes.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount at Stated Maturity of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures which, if they pertain specifically to the Notes, may add any provisions to or change in any manner or eliminate any of the provisions of the Indenture relating to the Notes or of any supplemental indenture relating to the Notes or modify in any manner the rights of the Holders of the Notes; provided, however

that no such supplemental indenture shall (i) extend the Stated Maturity of any Note, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of any interest thereon, or reduce any premium payable upon the redemption thereof, or reduce the amount of an OID Note that would be due and payable upon a declaration of acceleration of Stated Maturity thereof, without the consent of the Holder of each Note so affected, or (ii) reduce the aforesaid majority in aggregate principal amount of Notes, the consent of the Holders of which is required for any such supplemental indenture relating to the Notes, without the consent of the Holders of all Notes then outstanding. It is also provided in the Indenture that, prior to the declaration of maturity of the Notes upon the occurrence of an Event of Default relating to the Notes, the Holders of a majority in aggregate principal amount at Stated Maturity of the Notes at the time outstanding may on behalf of the Holders of all of the Notes waive any past default under the Indenture relating to the Notes and its consequences, except a default in the payment of the principal of (or premium, if any) or interest on any of the Notes. Any such waiver by the Holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners

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of this Note and of any Note issued upon the registration of transfer hereof or in exchange or substitution herefor, irrespective of whether or not any notation of such consent or waiver is made upon this Note or such other Notes.

The Company may terminate all of its obligations under the Notes and, with certain limited exceptions described in the Indenture, under the Indenture, by (i) irrevocably depositing in trust with the Trustee money or Government Obligations (or any combination thereof) sufficient to pay principal of, premium, if any, and interest on the Notes at Stated Maturity or on any date fixed for redemption, as the case may be, and (ii) complying with certain other conditions specified in the Indenture. Alternatively, the Company may, upon the making of such deposit and the satisfaction of certain conditions specified in the Indenture, omit to comply with certain of its covenants in the Indenture, and such omission shall not be an Event of Default with respect to the Notes.

The Notes are issuable in registered form without coupons in denominations (unless otherwise specified on the face hereof) of \$1,000 and any integral multiple of \$1,000 in excess thereof. This Note may be exchanged by the Holder hereof for an equal aggregate principal amount of Notes of other authorized denominations at the Corporate Trust Office of the Trustee in West Bend, Wisconsin.

This Note is transferable and the registration of the transfer hereof may be effected by the registered Holder or by his attorney duly authorized in writing upon due presentment for registration of transfer at the Corporate Trust Office of the Trustee in West Bend, Wisconsin, without charge except for any tax or other governmental charge imposed in relation thereto. Upon such

registration of transfer a new Note or Notes, of authorized denominations, for a like aggregate principal amount at Stated Maturity, will be issued to the transferee in exchange therefor.

Prior to due presentation for registration of transfer of this Note, the Company, the Trustee, any paying agent and the Security Registrar may deem and treat the registered Holder hereof as the absolute owner hereof (whether or not this Note shall be overdue and notwithstanding any notation of ownership or writing hereon by any person), for the purpose of receiving payment as herein provided and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Security Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of (or premium, if any) or the interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, stockholder, officer or director or employee as such, past, present or future, of the Company or of any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

This Note is not subject to redemption by the Company prior to the date specified on the face hereof. If no such date is specified, this Note is not subject to redemption prior to Stated Maturity. If such date is specified, this Note is redeemable at the option of the Company, on or after such date, in whole or in part in increments of principal amount of \$1,000 (provided that any remaining principal amount of this Note shall be at least the minimum denomination specified herein), at the redemption price set forth on the face hereof, together with interest thereon payable to the date of redemption, on notice given not less than 30 nor more than 60 days prior to such redemption date, all as

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provided in the Indenture. If no such redemption price is specified, the redemption price shall be 100% of the principal amount to be redeemed. In the event of a redemption of this Note in part only, a new Note or Notes in authorized denominations and in principal amount equal to the amount of the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Note at the place, at the respective times and at the rate herein prescribed.

Any payment of principal, premium, if any, or interest required to be made on an Interest Payment Date or at Stated Maturity, or upon redemption, if applicable, on a day which is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made, as the case may be, on the Interest Payment Date, at Stated Maturity, or the date of redemption, and no interest shall accrue for the period from and after such Interest Payment Date, Stated Maturity, or date of redemption. "Business Day" means any day other than a Saturday or a Sunday that is not a day on which banking institutions in West Bend, Wisconsin, or in New York, New York, are authorized or obligated by law or executive order to be closed.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture and this Note shall be governed by and construed in accordance with the laws of the State of Wisconsin.

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ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -as tenants in common
TEN ENT -as tenants by the entireties
JT TEN -as joint tenants with right of survivorship and not as tenants in common

MADISON GAS AND ELECTRIC COMPANY
 SECURED MEDIUM-TERM NOTE, SERIES A
 (Fixed Rate)

If this security is issued with original issue discount ("OID"), the "Total Amount of OID", "Yield to Stated Maturity" and "Initial Accrual Period OID" (computed under the approximate method) will be as set forth below for United States federal income tax purposes.

PRINCIPAL SUM: INTEREST RATE:
 ORIGINAL ISSUE DATE: INTEREST PAYMENT DATES:
 RECORD DATES: STATED MATURITY:
 TOTAL AMOUNT OF OID: INITIAL REDEMPTION DATE:
 INITIAL ACCRUAL PERIOD OID: REDEMPTION PERCENTAGE:
 YIELD TO STATED MATURITY: ANNUAL REDEMPTION PERCENTAGE:
 (for OID purposes):

If applicable as described above, the redemption price shall initially be the Redemption Percentage of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by the annual Redemption Percentage of the principal amount to be redeemed until the redemption price is 100% of such principal amount.

MADISON GAS AND ELECTRIC COMPANY, a Wisconsin corporation (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

or registered assigns, the Principal Sum stated above.

Dated:
 RECEIPT
 NOT NEGOTIABLE

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<TABLE>					
<S>	<C>	<C>	<C>	<C>	<C>
CUSIP NUMBER	AGENT'S NAME			MADISON GAS AND ELECTRIC COMPANY	
PRINCIPAL SUM	SETTLEMENT DATE (ORIGINAL ISSUE DATE)	INTEREST RATE %	DATE OF TRANSFER		
TRADE DATE	AGENT'S COMMISSION	STATED MATURITY	INITIAL REDEMPTION DATE	TAXPAYER ID OR SOC SEC NO. OF PURCHASER	PRICE 100% (UNLESS OTHERWISE INDICATED)
NAME AND ADDRESS OF REGISTERED OWNER	SECURED MEDIUM-TERM NOTE SERIES A (FIXED RATE) CONFIRMATION			TRUSTEE AND PAYING AGENT M&I FIRST NATIONAL BANK	
CUSTOMER'S COPY	RETAIN FOR TAX PURPOSES	THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER	PLEASE SIGN AND RETURN ENCLOSED RECEIPT	SEE REVERSE SIDE	

</TABLE>

REGISTERED NO. _____ REGISTERED

MADISON GAS AND ELECTRIC COMPANY
 SECURED MEDIUM-TERM NOTE, SERIES A
 (Fixed Rate)

If this security is issued with original issue discount ("OID"), the "Total Amount of OID", "Yield to Stated Maturity" and "Initial Accrual Period OID" (computed under the approximate method) will be as set forth below for United States federal income tax purposes.

States federal income tax purposes.

PRINCIPAL SUM: INTEREST RATE:
ORIGINAL ISSUE DATE: INTEREST PAYMENT DATES:
RECORD DATES: STATED MATURITY:
TOTAL AMOUNT OF OID: INITIAL REDEMPTION DATE:
INITIAL ACCRUAL PERIOD OID: REDEMPTION PERCENTAGE:
YIELD TO STATED MATURITY: ANNUAL REDEMPTION PERCENTAGE:
(for OID purposes):

If applicable as described above, the redemption price shall initially be the Redemption Percentage of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by the annual Redemption Percentage of the principal amount to be redeemed until the redemption price is 100% of such principal amount.

MADISON GAS AND ELECTRIC COMPANY, a Wisconsin corporation (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

or registered assigns, the Principal Sum stated above.

Dated:
RECEIPT
NOT NEGOTIABLE

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Table with multiple sections: CUSIP NUMBER, AGENT'S NAME, MADISON GAS AND ELECTRIC COMPANY; PRINCIPAL SUM, SETTLEMENT DATE, INTEREST RATE, DATE OF TRANSFER; TRADE DATE, AGENT'S COMMISSION, STATED MATURITY, INITIAL REDEMPTION DATE, TAXPAYER ID OR SOC SEC NO. OF PURCHASER, PRICE 100% (UNLESS OTHERWISE INDICATED); NAME AND ADDRESS OF REGISTERED OWNER, SECURED MEDIUM-TERM NOTE SERIES A (FIXED RATE) CONFIRMATION, TRUSTEE AND PAYING AGENT M&I FIRST NATIONAL BANK; CUSTOMER'S COPY, RETAIN FOR TAX PURPOSES, THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER, PLEASE SIGN AND RETURN ENCLOSED RECEIPT, SEE REVERSE SIDE.

</TABLE>

REGISTERED NO. _____ REGISTERED

MADISON GAS AND ELECTRIC COMPANY
SECURED MEDIUM-TERM NOTE, SERIES A
(Fixed Rate)

If this security is issued with original issue discount ("OID"), the "Total Amount of OID", "Yield to Stated Maturity" and "Initial Accrual Period OID" (computed under the approximate method) will be as set forth below for United States federal income tax purposes.

PRINCIPAL SUM: INTEREST RATE:
ORIGINAL ISSUE DATE: INTEREST PAYMENT DATES:
RECORD DATES: STATED MATURITY:

TOTAL AMOUNT OF OID: INITIAL REDEMPTION DATE:
INITIAL ACCRUAL PERIOD OID: REDEMPTION PERCENTAGE:
YIELD TO STATED MATURITY: ANNUAL REDEMPTION PERCENTAGE:
(for OID purposes):

If applicable as described above, the redemption price shall initially be the Redemption Percentage of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by the annual Redemption Percentage of the principal amount to be redeemed until the redemption price is 100% of such principal amount.

MADISON GAS AND ELECTRIC COMPANY, a Wisconsin corporation (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

or registered assigns, the Principal Sum stated above.

Dated:
RECEIPT
NOT NEGOTIABLE

EXHIBIT 4.6

<TABLE>

<S>	<C>	<C>	<C>	<C>
CUSIP NUMBER	AGENT'S NAME		MADISON GAS AND ELECTRIC COMPANY	
PRINCIPAL SUM	SETTLEMENT DATE (ORIGINAL ISSUE DATE)	INTEREST RATE BASIS AND INDEX MATURITY	DATE OF TRANSFER	INITIAL INTEREST RATE %
TRADE DATE	AGENT'S COMMISSION	STATED MATURITY	INITIAL REDEMPTION DATE	TAXPAYER ID OR SOC SEC NO. OF PURCHASER
				PRICE 100% (UNLESS OTHERWISE INDICATED)
NAME AND ADDRESS OF REGISTERED OWNER		SECURED MEDIUM-TERM NOTE SERIES A (FLOATING RATE) CONFIRMATION	TRUSTEE AND PAYING AGENT M&I FIRST NATIONAL BANK	
CUSTOMER'S COPY	RETAIN FOR TAX PURPOSES	THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER	PLEASE SIGN AND RETURN ENCLOSED RECEIPT	SEE REVERSE SIDE

</TABLE>

REGISTERED
NO. _____

REGISTERED

MADISON GAS AND ELECTRIC COMPANY
SECURED MEDIUM-TERM NOTE, SERIES A
(Floating Rate)

If this security is issued with original issue discount ("OID"), the "Total Amount of OID", "Yield to Stated Maturity" and "Initial Accrual Period OID" (computed under the approximate method) will be as set forth below for United States federal income tax purposes.

PRINCIPAL SUM: INITIAL REDEMPTION DATE:
 ORIGINAL ISSUE DATE: REDEMPTION PERCENTAGE:
 INTEREST RATE BASIS: ANNUAL REDEMPTION PERCENTAGE:
 INDEX MATURITY: STATED MATURITY:
 INITIAL INTEREST RATE: SPREAD (plus or minus):
 INTEREST PAYMENT PERIOD: SPREAD MULTIPLIER:
 INTEREST RESET PERIOD: MAXIMUM INTEREST RATE:
 INTEREST PAYMENT DATES: MINIMUM INTEREST RATE:
 INTEREST RESET DATES: CALCULATION DATES:
 INTEREST DETERMINATION DATES: CALCULATION AGENT:
 TOTAL AMOUNT OF OID: YIELD TO STATED MATURITY:
 (for OID purposes):
 INITIAL ACCRUAL PERIOD OID:

If applicable as described above, the redemption price shall initially be the Redemption Percentage of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage of the principal amount to be redeemed until the redemption price is 100% of such principal amount.

MADISON GAS AND ELECTRIC COMPANY, a Wisconsin corporation (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

or registered assigns, the Principal Sum stated above at the Stated Maturity specified above and to pay interest thereon at a rate per annum equal to the Initial Interest Rate specified above until the first Interest Reset Date and thereafter at a rate

determined in accordance with the provisions on the reverse hereof, depending upon the Interest Rate Basis specified above, until the principal hereof is paid or duly made available for payment. The Company will pay interest monthly, quarterly, semi-annually or annually as specified above as the Interest Payment Period on each interest payment date specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and at Stated Maturity or, if applicable, upon redemption, provided, however, that the first payment of interest on this

Note, if the Original Issue Date is between a Record Date, as defined below, and an Interest Payment Date or on an Interest Payment Date, shall be made on the Interest Payment Date following the next succeeding Record Date to the person in whose name this Note is registered on such Record Date, and provided, further,

that if an Interest Payment Date would fall on a day that is not a Business Day, as defined on the reverse hereof, such Interest Payment Date shall be the following day that is a Business Day, except that if the Interest Rate Basis is LIBOR and such next Business Day falls in the next calendar month, such Interest Payment Date shall be the next preceding day that is a Business Day.

Interest on this Note shall accrue from and including the most recent Interest Payment Date to which interest has been paid or duly made available for payment, unless no interest has been paid on this Note, in which case from and including the Original Issue Date specified above, until payment of the principal hereof has been made or duly made available for payment, provided,

however, that if the Interest Reset Period specified above is daily or weekly,

interest hereon shall accrue from and including the day following the most recent Record Date to which interest has been paid or duly made available for payment, or, if no interest has been paid, from and including the Original Issue Date, and provided, further, that unless otherwise indicated above, the interest

payable on any Interest Payment Date shall be the amount of interest accrued to, but excluding, the Interest Payment Date (except that if the Interest Reset Period specified above is daily or weekly, the interest payable on any Interest Payment Date shall be the amount of interest accrued to and including the Record Date next preceding such Interest Payment Date), and the interest payable at Stated Maturity, or, if applicable, upon redemption shall include interest accrued to, but excluding, Stated Maturity or, if applicable, the date of redemption. The interest so payable and punctually paid or duly made available for payment on any Interest Payment Date shall be paid to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on the date 15 calendar days prior to an Interest Payment Date (whether or not a Business Day) (the "Record Date"), provided, however, that interest

payable at Stated Maturity or, if applicable, upon redemption shall be payable to the person to whom the principal hereof shall be payable. If the Company shall not punctually pay or provide payment for interest payable on an Interest Payment Date, such Defaulted Interest shall be paid to the person in whose name this Note is registered at the close of business on a special record date for the payment of such Defaulted Interest established by notice to the registered Holders of Notes not less than 15 days preceding such special record date.

Payment of the principal and premium, if any, and interest payable at Stated Maturity, or upon redemption, if applicable, on this Note shall be made at the Corporate Trust Office of the Trustee in West Bend, Wisconsin, in each case in immediately available funds and provided that this Note is presented in time for the Paying Agent or the Company, if applicable, to make such payments in such funds in accordance with its normal procedures. Payment of interest shall be made by check mailed to the registered address of the person entitled thereto, unless such person and the Company have agreed that such payment shall be made by wire transfer in immediately available funds.

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REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the Certificate of Authentication hereon has been manually executed by the Trustee under the Indenture referred to on the reverse hereof, the Holder of this Note shall not be entitled to any benefit under the Indenture nor shall this Note be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed, manually or in facsimile, and a facsimile of its corporate seal to be imprinted hereon.

Dated:

This is one of the Securities
of the series designated herein
referred to in the within-mentioned
Indenture.

By: Vice President

Attest:

Secretary

M&I FIRST NATIONAL BANK,
as Trustee

[Facsimile Corporate Seal]

By:
Authorized Signature

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MADISON GAS AND ELECTRIC COMPANY
Secured Medium-Term Note, Series A
(Floating Rate)

This Note is one of a duly authorized issue of securities of the Company (herein called the "Notes") issued or to be issued under an indenture dated as of March 1, 1994 (herein called the "Indenture"), between the Company and M&I First National Bank, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the respective rights and duties thereunder of the Trustee, the Company and the Holders of the Notes and the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof. The Notes will not be subject to any sinking fund or analogous provision. This Note, together with any other Notes heretofore, concurrently or hereafter issued by the Company in accordance with the Indenture, shall be equally and ratably secured by and entitled to the benefits of the Company's First Mortgage Bonds, 2029 Series, delivered and pledged to the Trustee pursuant to the Indenture and the First Mortgage (as defined therein).

This Note will bear interest at the rate determined by reference to the Interest Rate Basis shown on the face hereof (i) plus or minus the Spread, if any, or (ii) multiplied by the Spread Multiplier, if any, specified on the face hereof. The "Interest Rate Basis" shall be the rate determined in accordance with the applicable provision below. The rate of interest on this Note will be reset either daily, weekly, monthly, quarterly, semi-annually or annually as specified on the face hereof (the "Interest Reset Period"). Commencing on the first Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date. Unless otherwise provided on the face hereof, the Interest Reset Date will be, in the case of a Note which resets daily, each Business Day; in the case of a Note (other than a Note with the Treasury Rate as the Interest Rate Basis (a "Treasury Rate Note")) which resets weekly, the Wednesday of each week; in the case of a Treasury Rate Note which resets weekly, the Tuesday of each week; in the case of a Note which resets monthly, the third Wednesday of each month; in the case of a Note which resets quarterly, the third Wednesday of March, June, September and December; in the case of a Note which resets semi-annually, the third Wednesday of the two months set forth on the face hereof; and in the case of a Note which resets annually, the third Wednesday of the month set forth on the face hereof. If any Interest Reset Date would otherwise be a day that is not a Business Day, the Interest Reset Date shall be postponed until the next Business Day, except that in the case of a LIBOR Note, if the Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day. "Business Day" means any day other than a Saturday or a Sunday that (a) is not a day on which banking institutions in West Bend, Wisconsin, or in New York, New York, are authorized or obligated by law or executive order to be closed, and (b) with respect to LIBOR Notes only, is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day from the Original Issue Date or from the day succeeding the last date for which interest shall have been paid or duly made available for payment, as the case may be, to but excluding the date for which accrued interest is being calculated. The interest factor for each day shall be computed by dividing the interest rate applicable to such day by 360 in the case of the Commercial Paper Rate, Prime Rate, CD Rate, Federal Funds Effective Rate or LIBOR or by the actual number of days in the year in the case of the Treasury Rate.

The interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate with respect to the Interest Determination Date (as defined below) pertaining to such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate with respect to the Interest Determination Date pertaining to the next preceding Interest Reset Date, provided that (i) the interest rate in effect from the Original Issue Date

to the first Interest Reset Date shall be the Initial Interest Rate specified on the face hereof and (ii) the interest rate in effect for the ten days immediately prior to Stated Maturity shall be the rate in effect on the tenth day preceding Stated Maturity.

The Interest Determination Date with respect to the Commercial Paper Rate, Prime Rate, CD Rate, Federal Funds Effective Rate and LIBOR shall be the second Business Day preceding the Interest Reset Date. The Interest Determination Date with respect to the Treasury Rate shall be the day of the week in which such Interest Reset Date falls on which Treasury bills normally would be auctioned,

provided, however, that if as a result of a legal holiday or otherwise an

auction is held on Friday of the week preceding the Interest Reset Date, the related Interest Determination Date shall be such preceding Friday, and provided

further that if an auction shall fall on any Interest Reset Date then the

Interest Reset Date instead shall be the first Business Day immediately following such auction.

The Calculation Date, if applicable, pertaining to any Interest Determination Date shall be the tenth calendar date after such Interest Determination Date or if such day is not a Business Day, the next succeeding Business Day, provided that with respect to LIBOR Notes only, the Calculation

Date shall be the Interest Determination Date.

Unless otherwise provided on the face hereof, all percentages resulting from any calculation on the Notes will be rounded if necessary to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)) and all dollar amounts used in or resulting from such calculation on the Notes will be rounded to the nearest cent (with one-half cents being rounded upwards).

Determination of the Commercial Paper Rate. The Commercial Paper Rate

means with respect to any Interest Determination Date (a "Commercial Paper Interest Determination Date"), the Money Market Yield (as defined below) of the rate on such date for commercial paper having the Index Maturity specified on the face hereof as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates", or any successor publication, published by the Board of Governors of the Federal Reserve System ("H.15(519)") under the heading "Commercial Paper". In the event that such rate is not published prior to 9:00 A.M. New York City time on the Calculation Date pertaining to such Commercial Paper Interest Determination Date, then the Commercial Paper Rate shall be the Money Market Yield of the rate on such Commercial Paper Interest Determination Date for commercial paper having the Index Maturity shown on the face hereof as published by the Federal Reserve Bank of New York in its daily statistical release "Composite 3:30 P.M. Quotations for U.S. Government Securities", or any successor publication, published by the Federal Reserve Bank of New York ("Composite Quotations") under the heading "Commercial Paper". If such rate is neither published in H.15(519) by 9:00 A.M. New York City time on such Calculation Date nor in Composite Quotations by 3:00 P.M. New York City time on such date, then the Commercial Paper Rate for that Commercial Paper Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates, as of 11:00 A.M. New York City time on such Commercial Paper Interest Determination Date, of three leading dealers of commercial paper in The City of New York selected by

the Calculation Agent for commercial paper having the Index Maturity specified on the face hereof placed for an industrial issuer whose bond rating is "AA" or the equivalent from a nationally recognized rating agency, provided, however,

that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon with respect to such Commercial Paper Interest Determination Date shall be the Commercial Paper Rate in effect on such Commercial Paper Interest Determination Date.

"Money Market Yield" shall be the yield calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the period for which interest is being calculated.

Determination of the Prime Rate. The Prime Rate means with respect to

any Interest Determination Date (a "Prime Rate Interest Determination Date") the rate set forth on such date in H.15(519) under the heading "Bank Prime Loan". In the event that such rate is not published prior to 9:00 A.M. New York City time on the Calculation Date pertaining to such Prime Rate Interest Determination Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appear on the Reuters Screen NYMF Page (as defined below) as such bank's prime rate or base lending rate as in effect for that Prime Rate Interest Determination Date. If fewer than four such rates but more than one such rate appear on the Reuters Screen NYMF Page for the Prime Rate Interest Determination Date, the Prime Rate shall be the arithmetic mean of the prime rates (quoted on the basis of the actual number of days in the year divided by a 360-day year) as of the close of business on such Prime Rate Interest Determination Date by four major money center banks in The City of New York selected by the Calculation Agent. If fewer than two quotations are provided, the Prime Rate shall be determined on the basis of the rates furnished in The City of New York by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, having total equity capital of at least \$500,000,000 and being subject to supervision or examination by a Federal or State authority, selected by the Calculation Agent to provide such rate or rates; provided, however, that if the banks selected as aforesaid by the

Calculation Agent are not quoting as mentioned in this sentence, the interest rate hereon with respect to such Prime Rate Interest Determination Date shall be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen NYMF Page" means the display designated as page "NYMF" on the Reuters Monitor Money Rates Service (or such other page as may replace the NYMF page on that service for the purpose of displaying prime rates or base lending rates of major United States banks).

Determination of the CD Rate. The CD Rate means with respect to any

Interest Determination Date (a "CD Rate Interest Determination Date") the rate on such date for negotiable certificates of deposit having the Index Maturity specified on the face hereof as published in H.15(519) under the heading "CDs (Secondary Market)". In the event that such rate is not published prior to 9:00 A.M. New York City time on the Calculation Date pertaining to such CD Rate Interest Determination Date, then the CD Rate shall be the rate on such CD Rate Interest Determination Date for negotiable certificates of deposit having the Index Maturity specified on the face hereof as published in Composite Quotations under the heading "Certificates of Deposit". If such rate is neither published in H.15(519) by

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9:00 A.M. New York City time on such Calculation Date nor in Composite Quotations by 3:00 P.M. New York City time on such date, the CD Rate for that CD Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the secondary market offered rates as of 10:00 A.M. New York City time on that CD Rate Interest Determination Date of three leading nonbank dealers of negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity specified on the face hereof in a denomination of \$5,000,000; provided, however, that if fewer than three dealers selected as

aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon with respect to such CD Rate Interest Determination Date shall be the CD Rate in effect on such CD Rate Interest Determination Date.

Determination of the Federal Funds Effective Rate. The Federal Funds

Effective Rate means with respect to any Interest Determination Date (a "Federal Funds Effective Interest Determination Date") the rate on that date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)" or, if not so published by 9:00 A.M. New York City time on the Calculation Date pertaining to such Federal Funds Effective Interest Determination Date, then the Federal Funds Effective Rate shall be the rate on such Federal Funds Effective

Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate". If such rate is neither published in H.15(519) by 9:00 A.M. New York City time on such Calculation Date nor in Composite Quotations by 3:00 P.M. New York City time on such date, then the Federal Funds Effective Rate for such Federal Funds Effective Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the rates, as of 9:00 A.M. New York City time on such Federal Funds Effective Interest Determination Date, for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York, selected by the Calculation Agent;

provided, however, that if fewer than three brokers selected as aforesaid by the

Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon with respect to such Federal Funds Effective Interest Determination Date shall be the Federal Funds Effective Rate in effect on such Federal Funds Effective Interest Determination Date.

Determination of LIBOR. LIBOR shall be determined on the basis of the

offered rates for deposits of not less than U.S. \$1,000,000 having the Index Maturity specified on the face hereof, commencing on the second Business Day immediately following each Interest Determination Date with respect to LIBOR (a "LIBOR Interest Determination Date"), which appear on the Reuters Screen LIBO Page (as defined below) at approximately 11:00 A.M. London time on the LIBOR Interest Determination Date. If at least two such offered rates appear on the Reuters Screen LIBO Page, LIBOR in respect of such LIBOR Interest Determination Date shall be the arithmetic mean of such offered rates as determined by the Calculation Agent.

If fewer than two such offered rates appear on the Reuters Screen LIBO Page, LIBOR shall be determined on the basis of the rates at approximately 11:00 A.M. London time on such LIBOR Interest Determination Date at which deposits in U.S. dollars having the specified Index Maturity are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent commencing on the second Business Day immediately following such LIBOR Interest Determination Date and in a principal amount not less than U.S. \$1,000,000 that in the Calculation Agent's judgment is representative for a single transaction in such market at such time (a "Representative Amount"). The Calculation Agent shall request the principal London office of each of such banks to

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provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of such LIBOR Interest Determination Date shall be the arithmetic mean of such quotations. If fewer than two such quotations are provided, LIBOR in respect of such LIBOR Interest Determination Date shall be the arithmetic mean of the rates quoted, at approximately 11:00 A.M. New York City time on such LIBOR Interest Determination Date, by three major banks in The City of New York, selected by the Calculation Agent for loans in U.S. dollars to leading European banks having the Index Maturity specified on the face hereof commencing on the second Business Day immediately following such LIBOR Interest Determination Date and in a Representative Amount, provided, however, that if

fewer than three banks selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the rate of interest hereon with respect to such LIBOR Interest Determination Date shall be the LIBOR in effect on such LIBOR Interest Determination Date.

"Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks).

Determination of the Treasury Rate. The Treasury Rate means with respect

to any Interest Determination Date (a "Treasury Interest Determination Date") the rate for the most recent auction of direct obligations of the United States of America ("Treasury bills") having the Index Maturity specified on the face hereof as such rate is published in H.15(519) under the heading "U.S. Government Securities/Treasury Bills/Auction Average (Investment)", or, if not so published by 9:00 A.M. New York City time on the Calculation Date pertaining to such Treasury Interest Determination Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for such auction as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury bills having the Index Maturity specified on the face hereof are neither published in H.15(519) by 9:00 A.M. New York City time on such Calculation Date nor otherwise published or reported as provided above by 3:00 P.M. New York City time on such date, or if no such auction is held in a particular week, then the rate of interest hereon shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond

equivalent on the basis of a year of 365 or 366 days as applicable and applied on a daily basis) of the arithmetic mean of the secondary market bid rates as of approximately 3:30 P.M. New York City time on such Treasury Interest Determination Date of three leading primary United States government securities dealers in The City of New York selected by the Calculation Agent for the issue of Treasury bills with a remaining maturity closest to the Index Maturity specified on the face hereof, provided, however, that if fewer than three

dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the interest rate hereon with respect to such Treasury Interest Determination Date shall be the Treasury Rate in effect on such Treasury Interest Determination Date.

The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing procedures on or before each Calculation Date. Notwithstanding the foregoing, the interest hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, respectively specified on the face hereof.

At the request of the Holder hereof, the Calculation Agent shall provide to the Holder hereof the interest rate hereon then in effect and, if different, the interest rates which will become effective as a result of a determination made on the most recent Interest Determination Date with respect thereto.

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In case an Event of Default, as defined in the Indenture, relating to the Notes shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the provisions contained in the Indenture. The Indenture provides that in certain events such declaration as it affects the Notes and its consequences may be waived by the Holders of a majority in aggregate principal amount of the Notes then outstanding. Any such waiver by the Holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Note and of any Note issued upon the registration of transfer hereof or in exchange or substitution hereof, irrespective of whether or not any notation of such waiver is made upon this Note or such other Notes.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount at Stated Maturity of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures which, if they pertain specifically to the Notes, may add any provisions to or change in any manner or eliminate any of the provisions of the Indenture relating to the Notes or of any supplemental indenture relating to the Notes or modify in any manner the rights of the Holders of the Notes, provided, however,

that no such supplemental indenture shall (i) extend the Stated Maturity of any Note, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of any interest thereon, or reduce any premium payable upon the redemption thereof, or reduce the amount of an OID Note that would be due and payable upon a declaration of acceleration of Stated Maturity thereof, without the consent of the Holder of each Note so affected, or (ii) reduce the aforesaid majority in aggregate principal amount of Notes, the consent of the Holders of which is required for any such supplemental indenture relating to the Notes, without the consent of the Holders of all Notes then outstanding. It is also provided in the Indenture that, prior to the declaration of maturity of the Notes upon the occurrence of an Event of Default relating to the Notes, the Holders of a majority in aggregate principal amount at Stated Maturity of the Notes at the time outstanding may on behalf of the Holders of all of the Notes waive any past default under the Indenture relating to the Notes and its consequences, except a default in the payment of the principal of (or premium, if any) or interest on any of the Notes. Any such waiver by the Holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Note and of any Note issued upon the registration of transfer hereof or in exchange or substitution hereof, irrespective of whether or not any notation of such consent or waiver is made upon this Note or such other Notes.

The Company may terminate all of its obligations under the Notes and, with certain limited exceptions described in the Indenture, under the Indenture, by (i) irrevocably depositing in trust with the Trustee money or Government Obligations (or any combination thereof) sufficient to pay principal of, premium, if any, and interest on the Notes at Stated Maturity or on any date fixed for redemption, as the case may be, and (ii) complying with certain other conditions specified in the Indenture. Alternatively, the Company may, upon the making of such deposit and the satisfaction of certain conditions specified in the Indenture, omit to comply with certain of its covenants in the Indenture, and such omission shall not be an Event of Default with respect to the Notes.

The Notes are issuable in registered form without coupons in denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof. This Note may

be exchanged by the Holder hereof for an equal aggregate principal amount of Notes of other

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authorized denominations at the Corporate Trust Office of the Trustee in West Bend, Wisconsin.

This Note is transferable and the registration of the transfer hereof may be effected by the registered Holder or by his attorney duly authorized in writing upon due presentment for registration of transfer at the Corporate Trust Office of the Trustee in West Bend, Wisconsin, without charge except for any tax or other governmental charge imposed in relation thereto. Upon such registration of transfer a new Note or Notes, of authorized denominations, for a like aggregate principal amount at Stated Maturity, will be issued to the transferee in exchange therefor.

Prior to due presentation for registration of transfer of this Note, the Company, the Trustee, any paying agent and the Security Registrar may deem and treat the registered Holder hereof as the absolute owner hereof (whether or not this Note shall be overdue and notwithstanding any notation of ownership or writing hereon by any other person), for the purpose of receiving payment as herein provided and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Security Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of (or premium, if any) or the interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, stockholder, officer or director or employee as such, past, present or future, of the Company or of any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

This Note is not subject to redemption by the Company prior to the date specified on the face hereof. If no such date is specified, this Note is not subject to redemption prior to Stated Maturity. If such date is specified, this Note is redeemable at the option of the Company, on or after such date, in whole or in part in increments of principal amount of \$1,000 (provided that any remaining principal amount of this Note shall be at least \$1,000), at the redemption price set forth on the face hereof, together with interest thereon payable to the date of redemption, on notice given not less than 30 nor more than 60 days prior to such redemption date, all as provided in the Indenture. If no such redemption price is specified, the redemption price shall be 100% of the principal amount to be redeemed. In the event of a redemption of this Note in part only, a new Note or Notes in authorized denominations and in principal amount equal to the amount of the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Note at the place, at the respective times and at the rate herein prescribed.

Any payment of principal, premium, if any, or interest required to be made on an Interest Payment Date or at Stated Maturity, or upon redemption, if applicable, on a day which is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made, as the case may be, on the Interest Payment Date, at Stated Maturity, or the date of redemption, and no interest shall accrue for the period from and after such Interest Payment Date, Stated Maturity, or date of redemption.

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All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture and this Note shall be governed by and construed in accordance with the laws of the State of Wisconsin.

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ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this

instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -as tenants in common
 TEN ENT -as tenants by the entireties
 JT TEN -as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT- _____ Custodian _____
 (Cust) (Minor)
 Under Uniform Gifts to Minors Act

 (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please Insert Social Security
 or Other Identifying Number
 of Assignee

Please print or typewrite name and address including
 postal zip code of assignee

the within Note of MADISON GAS AND ELECTRIC COMPANY and all rights thereunder and hereby does irrevocably constitute and appoint

 Attorney

 to transfer said Note on the books of the within Company, with full power of substitution in the premises.

Dated: _____

Signature _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the Note in every particular, without alteration or enlargement, or any change whatever.

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<S>	<C>	<C>	<C>	<C>	<C>
CUSIP NUMBER		AGENT'S NAME		MADISON GAS AND ELECTRIC COMPANY	
PRINCIPAL SUM	SETTLEMENT DATE (ORIGINAL ISSUE DATE)	INTEREST RATE BASIS AND INDEX MATURITY	DATE OF TRANSFER		INITIAL INTEREST RATE %
TRADE DATE	AGENT'S COMMISSION	STATED MATURITY	INITIAL REDEMPTION DATE	TAXPAYER ID OR SOC SEC NO. OF PURCHASER	PRICE 100% (UNLESS OTHERWISE INDICATED)
NAME AND ADDRESS OF REGISTERED OWNER		SECURED MEDIUM-TERM NOTE SERIES A (FLOATING RATE) CONFIRMATION			TRUSTEE AND PAYING AGENT M&I FIRST NATIONAL BANK
CUSTOMER'S COPY	RETAIN FOR TAX PURPOSES	THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER	PLEASE SIGN AND RETURN ENCLOSED RECEIPT		SEE REVERSE SIDE

</TABLE>

REGISTERED
NO. _____

REGISTERED

MADISON GAS AND ELECTRIC COMPANY
SECURED MEDIUM-TERM NOTE, SERIES A
(Floating Rate)

If this security is issued with original issue discount ("OID"), the "Total Amount of OID", "Yield to Stated Maturity" and "Initial Accrual Period OID" (computed under the approximate method) will be as set forth below for United States federal income tax purposes.

PRINCIPAL SUM: INITIAL REDEMPTION DATE:
ORIGINAL ISSUE DATE: REDEMPTION PERCENTAGE:
INTEREST RATE BASIS: ANNUAL REDEMPTION PERCENTAGE:
INDEX MATURITY: STATED MATURITY:
INITIAL INTEREST RATE: SPREAD (plus or minus):
INTEREST PAYMENT PERIOD: SPREAD MULTIPLIER:
INTEREST RESET PERIOD: MAXIMUM INTEREST RATE:
INTEREST PAYMENT DATES: MINIMUM INTEREST RATE:
INTEREST RESET DATES: CALCULATION DATES:
INTEREST DETERMINATION DATES: CALCULATION AGENT:
TOTAL AMOUNT OF OID: YIELD TO STATED MATURITY:
(for OID purposes):
INITIAL ACCRUAL PERIOD OID:

If applicable as described above, the redemption price shall initially be the Redemption Percentage of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage of the principal amount to be redeemed until the redemption price is 100% of such principal amount.

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MADISON GAS AND ELECTRIC COMPANY, a Wisconsin corporation (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

or registered assigns, the Principal Sum stated above.

Dated:

RECEIPT
NOT NEGOTIABLE

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<TABLE>

<S>	<C>	<C>	<C>	<C>
CUSIP NUMBER		AGENT'S NAME	MADISON GAS AND ELECTRIC COMPANY	
PRINCIPAL SUM	SETTLEMENT DATE (ORIGINAL ISSUE DATE)	INTEREST RATE BASIS AND INDEX MATURITY	DATE OF TRANSFER	INITIAL INTEREST RATE %
TRADE DATE	AGENT'S COMMISSION	STATED MATURITY	INITIAL REDEMPTION DATE	TAXPAYER ID OR SOC SEC NO. OF PURCHASER
				PRICE 100% (UNLESS OTHERWISE INDICATED)
NAME AND ADDRESS OF REGISTERED OWNER		SECURED MEDIUM-TERM NOTE SERIES A (FLOATING RATE) CONFIRMATION		TRUSTEE AND PAYING AGENT M&I FIRST NATIONAL BANK

CUSTOMER'S COPY	RETAIN FOR TAX PURPOSES	THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER	PLEASE SIGN AND RETURN ENCLOSED RECEIPT	SEE REVERSE SIDE
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</TABLE>

REGISTERED NO. _____ REGISTERED

MADISON GAS AND ELECTRIC COMPANY
 SECURED MEDIUM-TERM NOTE, SERIES A
 (Floating Rate)

If this security is issued with original issue discount ("OID"), the "Total Amount of OID", "Yield to Stated Maturity" and "Initial Accrual Period OID" (computed under the approximate method) will be as set forth below for United States federal income tax purposes.

PRINCIPAL SUM:	INITIAL REDEMPTION DATE:
ORIGINAL ISSUE DATE:	REDEMPTION PERCENTAGE:
INTEREST RATE BASIS:	ANNUAL REDEMPTION PERCENTAGE:
INDEX MATURITY:	STATED MATURITY:
INITIAL INTEREST RATE:	SPREAD (plus or minus):
INTEREST PAYMENT PERIOD:	SPREAD MULTIPLIER:
INTEREST RESET PERIOD:	MAXIMUM INTEREST RATE:
INTEREST PAYMENT DATES:	MINIMUM INTEREST RATE:
INTEREST RESET DATES:	CALCULATION DATES:
INTEREST DETERMINATION DATES:	CALCULATION AGENT:
TOTAL AMOUNT OF OID:	YIELD TO STATED MATURITY (for OID purposes):
INITIAL ACCRUAL PERIOD OID:	

If applicable as described above, the redemption price shall initially be the Redemption Percentage of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage of the principal amount to be redeemed until the redemption price is 100% of such principal amount.

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MADISON GAS AND ELECTRIC COMPANY, a Wisconsin corporation (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

or registered assigns, the Principal Sum stated above.

Dated:

RECEIPT
 NOT NEGOTIABLE

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<TABLE>

<S>	<C>	<C>	<C>	<C>
CUSIP NUMBER	AGENT'S NAME		MADISON GAS AND ELECTRIC COMPANY	
PRINCIPAL SUM	SETTLEMENT DATE (ORIGINAL ISSUE DATE)	INTEREST RATE BASIS AND INDEX MATURITY	DATE OF TRANSFER	INITIAL INTEREST RATE %
TRADE DATE	AGENT'S COMMISSION	STATED MATURITY	INITIAL REDEMPTION	TAXPAYER ID OR SOC SEC NO.
				PRICE 100% (UNLESS

NAME AND ADDRESS OF REGISTERED OWNER		DATE	OF PURCHASER	OTHERWISE INDICATED)
SECURED MEDIUM-TERM NOTE SERIES A (FLOATING RATE) CONFIRMATION			TRUSTEE AND PAYING AGENT M&I FIRST NATIONAL BANK	
CUSTOMER'S COPY	RETAIN FOR TAX PURPOSES	THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER	PLEASE SIGN AND RETURN ENCLOSED RECEIPT	SEE REVERSE SIDE

</TABLE>

REGISTERED NO. _____ REGISTERED

MADISON GAS AND ELECTRIC COMPANY
SECURED MEDIUM-TERM NOTE, SERIES A
(Floating Rate)

If this security is issued with original issue discount ("OID"), the "Total Amount of OID", "Yield to Stated Maturity" and "Initial Accrual Period OID" (computed under the approximate method) will be as set forth below for United States federal income tax purposes.

PRINCIPAL SUM:	INITIAL REDEMPTION DATE:
ORIGINAL ISSUE DATE:	REDEMPTION PERCENTAGE:
INTEREST RATE BASIS:	ANNUAL REDEMPTION PERCENTAGE:
INDEX MATURITY:	STATED MATURITY:
INITIAL INTEREST RATE:	SPREAD (plus or minus):
INTEREST PAYMENT PERIOD:	SPREAD MULTIPLIER:
INTEREST RESET PERIOD:	MAXIMUM INTEREST RATE:
INTEREST PAYMENT DATES:	MINIMUM INTEREST RATE:
INTEREST RESET DATES:	CALCULATION DATES:
INTEREST DETERMINATION DATES:	CALCULATION AGENT:
TOTAL AMOUNT OF OID:	YIELD TO STATED MATURITY (for OID purposes):
INITIAL ACCRUAL PERIOD OID:	

If applicable as described above, the redemption price shall initially be the Redemption Percentage of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage of the principal amount to be redeemed until the redemption price is 100% of such principal amount.

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MADISON GAS AND ELECTRIC COMPANY, a Wisconsin corporation (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

or registered assigns, the Principal Sum stated above.

Dated:

RECEIPT
NOT NEGOTIABLE

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MEDIUM TERM NOTES, SERIES A

CALCULATION AGENCY AGREEMENT

BETWEEN
MADISON GAS AND ELECTRIC COMPANY
AND
M&I FIRST NATIONAL BANK

DATED AS OF MARCH 1, 1994

Madison Gas and Electric Company, a Wisconsin corporation (the "Issuer"), proposes to issue and sell its Medium-Term Notes, Series A (the "Notes") from time to time under, and pursuant to, the terms of an indenture, dated as of March 1, 1994 (the "Indenture"), between the Issuer and M&I First National Bank, as trustee (in such capacity, the "Trustee").

For the purpose of providing for an agent of the Issuer to calculate the rates applicable to those Notes on which interest is to accrue at a variable or floating rate ("Floating Rate Notes"), determined by reference to LIBOR, the Commercial Paper Rate, the Treasury Rate, the CD Rate, the Prime Rate or the Federal Funds Effective Rate (collectively, the "Base Rates") as are specified and described in the Floating Rate Notes, the form of which is attached hereto as Exhibit A, the Issuer and M&I First National Bank hereby agree as follows (capitalized terms used but not defined herein having the meanings set forth in Exhibit A):

SECTION 1. APPOINTMENT OF CALCULATION AGENT

The Issuer hereby appoint M&I First National Bank as Calculation Agent (in such capacity, the "Calculation Agent") of the Issuer with respect to any Floating Rate Notes to be issued by the Issuer under and pursuant to the terms of the Indenture, and the Calculation Agent hereby accepts its obligations as set forth in this Agreement.

SECTION 2. CALCULATION OF BASE RATES

As soon as reasonably practical on or after each Interest Determination Date for any Floating Rate Note, the Calculation Agent shall determine the applicable Base Rate and notify the Issuer and the Trustee of such Base Rate. If at any time the Calculation Agent is not also acting as Trustee under the Indenture, the Issuer will cause the Trustee to give the Calculation Agent at least three Business Days notice of each such Interest Determination Date.

SECTION 3. NEW BASE RATES

If the Issuer proposes to issue Floating Rate Notes whose interest rate will be determined on a basis or formula not referred to above (a "New Base Rate"), the Issuer shall give a description of such New Base Rate to the Calculation Agent. The Calculation Agent shall determine if it is able and willing to calculate the New Base Rate and upon its agreement in writing to do so the term "Base Rate" shall be deemed to include the New Base Rate. If the Calculation Agent notifies the Issuer that it is not able or willing to calculate the New Base Rate, or that it is only willing to do so on the basis of an increase of its fees not acceptable to the Issuer, the Calculation Agent shall have no responsibility with respect to such New Base Rate and the Issuer shall appoint a different Calculation Agent to determine the New Base Rate.

SECTION 4. FEES AND EXPENSES

The Calculation Agent shall be entitled to such compensation for its services under this Agreement as may be agreed upon with the Issuer, and the Issuer shall pay such compensation and shall reimburse the Calculation Agent for all reasonable expenses, disbursements and advances incurred or made by the Calculation Agent in connection with the services rendered by it under this Agreement, except any expenses, disbursements or advances attributable to its gross negligence or bad faith.

SECTION 5. RIGHTS AND LIABILITIES OF CALCULATION AGENT

The Calculation Agent shall incur no liability for, or in respect of, any action taken, omitted to be taken or suffered by it in reliance upon any Floating Rate Note, certificate, affidavit, instruction, notice, request, direction, order, statement or other paper, document or communication received from the Issuer and reasonably believed by it to be genuine. Any order, certificate, affidavit, instruction, notice, request, direction, statement or other communication from the Issuer made or given by it and sent, delivered or directed to the Calculation Agent under, pursuant to or as permitted by any provision of this Agreement shall be sufficient for purposes of this Agreement if such communication is in writing and signed by any officer or individual designated by any Vice President of the Issuer. The Calculation Agent may consult with counsel satisfactory to it and the opinion of such counsel shall constitute full and complete authorization and protection of the Calculation Agent with respect to any action taken, omitted to be taken or suffered by it hereunder in good faith and in accordance with and in reliance upon the opinion of such counsel. In acting under this Agreement, the Calculation Agent (in its capacity as such) does not assume any obligation towards, or any relationship of agency or trust for or with, the holders of the Notes.

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SECTION 6. RIGHT OF CALCULATION AGENT TO OWN FLOATING RATE NOTES

The Calculation Agent may act as Trustee under the Indenture and it, its officers, directors, employees and shareholders may become owners of, or acquire any interests in, Floating Rate Notes with the same rights as if the Calculation Agent were not the Calculation Agent, and may engage in, or have an interest in, any financial or other transaction with the Issuer as if the Calculation Agent were not the Calculation Agent.

SECTION 7. DUTIES OF CALCULATION AGENT

The Calculation Agent shall be obligated only to perform such duties as are specifically set forth herein and no other duties or obligations on the part of the Calculation Agent, in its capacity as such, shall be implied by this Agreement.

SECTION 8. TERMINATION, RESIGNATION OR REMOVAL OF CALCULATION AGENT

The Calculation Agent may at any time terminate this Agreement by giving no less than 90 days written notice to the Issuer unless the Issuer consents in writing to a shorter time. Upon receipt of notice of termination by the Calculation Agent, the Issuer agrees promptly to appoint a successor Calculation Agent. The Issuer may terminate this Agreement at any time by giving written notice to the Calculation Agent and specifying the date when the termination shall become effective; provided, however, that no termination by the Calculation Agent or by the Issuer shall become effective prior to the date of the appointment by the Issuer, as provided in Section 9 hereof, of a successor Calculation Agent and the acceptance of such appointment by such successor Calculation Agent. Upon termination by either party pursuant to the provisions of this Section, the Calculation Agent shall be entitled to the payment of any compensation owed to it by the Issuer hereunder and to the reimbursement of all reasonable expense, disbursements and advances incurred or made by the Calculation Agent in connection with the services rendered by it hereunder, as provided by Section 4 hereof, and the provisions of Section 10 shall remain in effect following such termination.

SECTION 9. APPOINTMENT OF SUCCESSOR CALCULATION AGENT

Any successor Calculation Agent appointed by the Issuer following termination of this Agreement pursuant to the provisions of Section 8 hereof shall execute and deliver to the Calculation Agent and to the Issuer an instrument accepting such appointment, and thereupon such successor Calculation Agent shall, without any further act or instrument, become vested with all the rights, immunities, duties and obligations of the

-3-

Calculation Agent, with like effect as if originally named as Calculation Agent hereunder, and the departing Calculation Agent shall thereupon be obligated to transfer and deliver, and such successor Calculation Agent shall be entitled to receive and accept, copies of any available records maintained by the Calculation Agent in connection with the performance of its obligations

hereunder.

SECTION 10. INDEMNIFICATION

The Issuer shall indemnify the Calculation Agent for, and hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of this Agreement or performance of its powers or duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

SECTION 11. MERGER, CONSOLIDATION OR SALE OF BUSINESS BY CALCULATION AGENT

Any corporation into which the Calculation Agent may be merged, converted, or consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Calculation Agent may be a party, or any corporation to which the Calculation Agent may sell or otherwise transfer all or substantially all of its corporate trust business, shall, to the extent permitted by applicable law, become the Calculation Agent under this Agreement without the execution of any paper or any further act by the parties hereto.

SECTION 12. NOTICES

Any notice or other communication given hereunder shall be delivered in person, sent by letter, telecopy or telex or communicated by telephone (subject, in the case of communication by telephone, to written confirmation dispatched within 24 hours) to the addresses given below or such other address as the party to receive such notice may have previously specified:

To the Issuer: Madison Gas and Electric Company
133 South Blair Street
Madison, Wisconsin 53703
Attention: Vice President-
Finance

To the Calculation Agent: M&I First National Bank
321 North Main Street
West Bend, Wisconsin 53095
Attention:

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Any notice hereunder given by letter, telecopy or telex shall be deemed to have been received when it would have been received in the ordinary course of post or transmission, as the case may be.

SECTION 13. BENEFIT OF AGREEMENT

Except as provided herein, this Agreement is solely for the benefit of the parties hereto and their successors and assigns and no other person shall acquire or have any rights under or by virtue hereof.

SECTION 14. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin.

IN WITNESS WHEREOF, this Agreement has been entered into the day and year first above written.

MADISON GAS AND ELECTRIC COMPANY

By: _____
Title:

M&I FIRST NATIONAL BANK

By: _____
Title:

EXHIBIT A

FORM OF FLOATING RATE NOTE

[To Be Attached]

March 2, 1994

Madison Gas and Electric Company
133 South Blair Street
Post Office Box 1231
Madison, Wisconsin 53701-1231

Re: Debt Securities

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-3 (the "Registration Statement") being filed by Madison Gas and Electric Company (the "Company") under the Securities Act of 1933, as amended (the "Securities Act"). Pursuant to the Registration Statement, the Company is registering an additional \$40,000,000 aggregate principal amount of its Debt Securities (the "Debt Securities") for issuance and sale from time to time pursuant to Rule 415 under the Securities Act. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Registration Statement.

We are familiar with the proceedings to date with respect to the proposed issuance and sale of the Debt Securities and have examined such records, documents and questions of law, and satisfied ourselves as to such matters of fact, as we have considered relevant and necessary as a basis for this opinion.

Based on the foregoing, we are of the opinion that:

1. The Company is duly incorporated and validly existing under the laws of the State of Wisconsin.
2. The Debt Securities will be legally issued when:
 - (i) The Registration Statement shall have become effective under the Securities Act;
 - (ii) The Public Service Commission of Wisconsin (the "PSCW") shall have issued an appropriate Certificate of Authority authorizing the issuance and sale of the Debt Securities

Madison Gas and Electric Company
March 2, 1994

pursuant to the Company's Application filed with the PSCW;

- (iii) The Debt Securities shall have been issued and sold in accordance with authorizations of or authority delegated by the Board of Directors of the Company and with an appropriate Certificate of Authority of the PSCW in response to the above-mentioned Application, and as contemplated by the Registration Statement;
- (iv) All statutory fees and taxes imposed upon or by reason of the issuance of the Debt Securities shall have been paid;
- (v) Your Board of Directors shall have authorized the issuance, execution and delivery of each applicable Supplemental Indenture;
- (vi) The Mortgage and the Note Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended;
- (vii) The Mortgage and the Note Indenture shall have been executed and acknowledged; and
- (viii) The Debt Securities shall have been duly executed, authenticated and delivered to the purchasers thereof against payment of the agreed consideration therefor.

We do not find it necessary for the purposes of this opinion to cover, and accordingly we express no opinion with respect to, the application of the securities or blue sky laws of the various states to the issuance or sale of the Debt Securities.

We hereby consent to the filing of this opinion as an Exhibit to the Registration Statement and to all references to our firm included in or made a part of the Registration Statement. In giving such consent, we do not thereby admit that

Madison Gas and Electric Company
March 2, 1994
Page 3

we are within the category of persons whose consent is required by Section 7 of the Securities Act or the related Rules promulgated by the Securities and Exchange Commission.

Very truly yours,

/s/ MICHAEL, BEST & FRIEDRICH

Madison Gas and Electric Company
 Computation of Ratio of Earnings to Fixed Charges
 S E C Method
 For the years ended December 31,

<TABLE> <CAPTION>	1993 ----	1992 ----	1991 ----	1990 ----	1989 ----
<S>	<C>	<C>	<C>	<C>	<C>
EARNINGS:					
Income before interest expense:	\$36,299	\$37,243	\$37,564	\$36,227	\$35,149
Add / (deduct):					
Current federal and state income taxes, and investment tax credits - deferred	10,709	10,221	11,338	9,680	5,748
Income taxes on other income -	499	588	96	61	388
Deferred income taxes	3,255	2,563	3,197	2,528	2,720
Amortization of debt discount, premium and expense -	121	73	82	83	84
Interest component on rentals	638	765	923	921	877
Allowance for funds used during construction - borrowed (equity portion included in income before interest)	49	29	52	83	484
TOTAL EARNINGS as defined	----- \$51,570 =====	----- \$51,482 =====	----- \$53,252 =====	----- \$49,583 =====	----- \$45,450 =====
FIXED CHARGES:					
Interest on Long Term Debt	\$11,195	\$13,249	\$12,460	\$12,688	\$12,757
Amortization of debt discount, premium and expense -	121	73	82	83	84
Other interest	478	216	276	1,593	2,280
Interest component on rentals	638	765	923	921	877
TOTAL FIXED CHARGES as defined	----- \$12,432 =====	----- \$14,303 =====	----- \$13,741 =====	----- \$15,285 =====	----- \$15,998 =====
RATIO OF EARNINGS TO FIXED CHARGES	4.15x =====	3.60x =====	3.88x =====	3.24x =====	2.84x =====
</TABLE>					

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of our reports dated February 12, 1993 included or incorporated by reference in Madison Gas and Electric Company's Form 10-K for the year ended December 31, 1992 and to all references to our Firm included in this Registration Statement.

/s/ Arthur Andersen & Co.

Chicago, Illinois
February 25, 1994

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 11, 1994, on our audit of the financial statements of Madison Gas and Electric Company included in the Company's Current Report on Form 8-K dated February 11, 1994. We also consent to the reference to our Firm under the caption "Experts."

/s/ Coopers & Lybrand

Milwaukee, Wisconsin
February 25, 1994

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE
PURSUANT TO SECTION 305(B) (2) _____

FIRSTAR TRUST COMPANY
(Exact name of trustee as specified in its charter)

Wisconsin
(Jurisdiction of incorporation or organization if not a U. S. National Bank)

39-0281260
(I.R.S. Employer Identification Number)

777 East Wisconsin Avenue, Milwaukee, Wisconsin
(Address of principal executive offices)

53202
(Zip Code)

KEVIN C. SCHULLER, VICE PRESIDENT AND ASSISTANT SECRETARY
FIRSTAR TRUST COMPANY
777 EAST WISCONSIN AVENUE
MILWAUKEE, WISCONSIN 53202
TELEPHONE (414) 765-5725
(Name, address, and telephone number of agent for service)

MADISON GAS AND ELECTRIC COMPANY
(Exact name of obligor as specified in its charter)

Wisconsin
(State or other jurisdiction of incorporation or organization)

39-0444025
(I.R.S. Employer Identification Number)

133 South Blair Street
P.O. Box 1231
Madison, Wisconsin
(Address of principal executive offices)

53701-1231
(Zip Code)

FIRST MORTGAGE BONDS
(Title of indenture securities)

Item 1. General Information.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

(b) Whether it is authorized to exercise corporate trust powers.

The corporate trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with the Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

The obligor is not an affiliate of the trustee.

Item 3. Voting Securities of the Trustee.

Furnish the following information as to each class of voting securities of the trustee:

AS OF FEBRUARY 25, 1994

COL. A TITLE OF CLASS	COL. B AMOUNT OUTSTANDING
--------------------------	------------------------------

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 4. Trusteeships under Other Indentures.

If the trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, furnish the following information:

(a) Title of the securities outstanding under each such other indenture.

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

(b) A brief statement of the facts relied upon as a basis for the claim that no conflicting interest within the meaning of Section 310(b)(1) of the Act arises as a result of the trusteeship under any such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 5. Interlocking Directorates and Similar Relationships with the Obligor or Underwriters.

If the trustee or any of the directors or executive officers of the trustee is a director, officer, partner, employee, appointee, or

representative of the obligor or of any underwriter for the obligor, identify each such person having any such connection and state the nature of each such connection.

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 6. Voting Securities of the Trustee Owned by the Obligor or its Officials.

Furnish the following information as to the voting securities of the trustee owned beneficially by the obligor and each director, partner, and executive officer of the obligor:

AS OF FEBRUARY 25, 1994

COL. A NAME OF OWNER	COL. B TITLE OF CLASS	COL. C AMOUNT OWNED BENEFICIALLY	COL. D PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C
-------------------------	--------------------------	--	---

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 7. Voting Securities of the Trustee Owned by Underwriters or their Officials.

Furnish the following information as to the voting securities of the trustee owned beneficially by each underwriter for the obligor and each director, partner, and executive officer of each such underwriter:

AS OF FEBRUARY 25, 1994

COL. A NAME OF OWNER	COL. B TITLE OF CLASS	COL. C AMOUNT OWNED BENEFICIALLY	COL. D PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C
-------------------------	--------------------------	--	---

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

2

Item 8. Securities of the Obligor Owned or Held by the Trustee.

Furnish the following information as to securities of the obligor owned beneficially or held as collateral security for obligations in default by the trustee:

AS OF FEBRUARY 25, 1994

<TABLE>
<CAPTION>

COL. A	COL. B	COL. C	COL. D
--------	--------	--------	--------

<S> TITLE OF CLASS	<C> WHETHER THE SECURITIES ARE VOTING OR NONVOTING SECURITIES	<C> AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT	<C> PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C
-----------------------	--	--	--

</TABLE>

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 9. Securities of Underwriters Owned or Held by the Trustee.

If the trustee owns beneficially or holds as collateral security for obligations in default any securities of an underwriter for the obligor, furnish the following information as to each class of securities of such underwriter any of which are so owned or held by the trustee:

AS OF FEBRUARY 25, 1994

<TABLE>
<CAPTION>

<S> COL. A Name of issuer and title of class	<C> COL. B Amount outstanding	<C> COL. C Amount owned beneficially or held as collateral security for obligations in default by trustee	<C> COL. D Percent of class represented by amount given in Col. C
--	--	---	--

</TABLE>

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 10. Ownership or Holdings by the Trustee of Voting Securities of Certain Affiliates or Security Holders of the Obligor.

If the trustee owns beneficially or holds as collateral security for obligations in default voting securities of a person who, to the knowledge of the trustee (1) owns 10 percent or more of the voting securities of the obligor or (2) is an affiliate, other than a subsidiary, of the obligor, furnish the following information as to the voting securities of such person:

AS OF FEBRUARY 25, 1994

<TABLE>
<CAPTION>

<S> COL. A Name of issuer and title of class	<C> COL. B Amount outstanding	<C> COL. C Amount owned beneficially or held as collateral security for obligations in default by trustee	<C> COL. D Percent of class represented by amount given in Col. C
--	--	---	--

</TABLE>

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 11. Ownership or Holdings by the Trustee of any Securities of a Person Owning 50 Percent or More of the Voting Securities of the Obligor.

If the trustee owns beneficially or holds as collateral security for obligations in default any securities of a person who, to the knowledge of the trustee, owns 50 percent or more of the voting securities of the obligor, furnish the following information as to each class of securities of such person any of which are so owned or held by the trustee:

<TABLE>
<CAPTION>

AS OF FEBRUARY 25, 1994			
<S>	<C>	<C>	<C>
COL. A	COL. B	COL. C	COL. D
NAME OF	AMOUNT	AMOUNT OWNED	PERCENT OF
ISSUER AND	OUTSTANDING	BENEFICIALLY OR HELD	CLASS REPRESENTED
TITLE OF CLASS		AS COLLATERAL SECURITY	BY AMOUNT GIVEN
		FOR OBLIGATIONS IN	IN COL. C
		DEFAULT BY TRUSTEE	

</TABLE>

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 12. Indebtedness of the Obligor to the Trustee.

Except as noted in the instructions, if the obligor is indebted to the trustee, furnish the following information:

COL. A	COL. B	COL. C
NATURE OF INDEBTEDNESS	AMOUNT OUTSTANDING	DATE DUE

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 13. Defaults by the Obligor.

(a) State whether there is or has been a default with respect to the securities under this indenture. Explain the nature of any such default.

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

(b) If the trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, or is trustee for more than one outstanding series of securities under the indenture, state whether there has been a default under any such indenture or series, identify the indenture or series affected, and explain the nature of any such default.

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 14. Affiliations with the Underwriters.

If any underwriter is an affiliate of the trustee, describe each such affiliation.

Per General Instruction B to Form T-1, no response is required to this item as the obligor is not presently in default.

Item 15. Foreign Trustee.

Identify the order or rule pursuant to which the foreign trustee is authorized to act as sole trustee under indentures qualified or to be qualified under the Act. Not applicable

Item 16. List of Exhibits.

List below all exhibits filed as part of this statement of eligibility.

1. A copy of the Articles of Association of Firststar Trust Company (f/k/a First Wisconsin Trust Company) as now in effect (filed herewith).
2. Certificate of authority of the Trustee to commence business (contained in Exhibit 1).
3. Authorization of the Trustee to exercise trust powers (contained in Exhibit 1).
4. A copy of the existing By-Laws of Firststar Trust Company (f/k/a First Wisconsin Trust Company) (filed herewith).
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939 (filed herewith).
7. A copy of the latest report of condition of the trustee published pursuant to law or the requirement of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, Firststar Trust Company, a corporation organized and existing under the laws of the State of Wisconsin, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Milwaukee, and State of Wisconsin, on the 25th day of February, 1994.

FIRSTAR TRUST COMPANY
(Trustee)

By: /s/ Joseph S. Quinn

Joseph S. Quinn, Vice President

By: /s/ Yvonne Siira

Yvonne Siira, Assistant Secretary
(Name and title)

EXHIBIT 1

STATE OF WISCONSIN
OFFICE OF COMMISSIONER OF BANKING
BANKS DIVISION
POST OFFICE BOX 7876
MADISON, WISCONSIN 53707-7876
(Telephone: 608-266-1621)
AMENDMENT TO ARTICLES
CERTIFICATION

I, Toby E. Sherry, Commissioner of Banking of the State of Wisconsin, do hereby certify that an amendment to the original Articles of Incorporation of First Wisconsin Trust Company, Milwaukee, Wisconsin, of which a duly verified copy is hereto attached, was on the 17th day of August, A.D. 1992, approved and filed in the Office of Commissioner of Banking. This amendment relates to corporate name and was adopted by stockholders of the above bank on July 16, 1992.

IN TESTIMONY WHEREOF, I have set my hand and affixed my official seal. Done at my office in the City of Madison this 17th day of August, A.D. 1992.

Toby E. Sherry
Commissioner of Banking

IMPORTANT: TO BE RECORDED BY THE REGISTER OF DEEDS TOGETHER WITH THE ATTACHED COPY OF THE AMENDMENT

We, Philip R. Smith as President, and James D. Hintz as Cashier of First Wisconsin Trust Company do hereby certify that the foregoing is a true copy of an amendment to the Articles of Incorporation of this bank and that at the annual or special meeting of the stockholders of the bank, called for that purpose and held pursuant to the provisions of law, in the office of the bank in the City of Milwaukee, State of Wisconsin, on the 16th day of July, A.D. 1992, the said amendment was duly adopted by the affirmative vote of two-thirds of all capital stock outstanding; that the majority stockholder was present or represented at said meeting; that the entire number of shares outstanding is 10,000; that the number of shares represented at the meeting was 9,952; that upon the adoption of such resolution 9,952 votes were cast in the affirmative; one vote for each share, and that 0 votes were cast in the negative.

In Testimony Whereof, First Wisconsin Trust Company has caused these presents to be executed by the President and Cashier thereof and the corporate seal of said bank is hereunto affixed this 28th day of July, A.D. 1992, by its authority.

First Wisconsin Trust Company

In presence of
Sharon L. Gazzana
Sandra L. Belongia

By Philip R. Smith, President
James Hintz, Cashier

State of Wisconsin
ss.
Milwaukee County

Personally came before me this 28th day of July, A.D. 1992, Philip R. Smith as President, and James D. Hintz as Cashier of the First Wisconsin Trust Company, who are to me known to be such President and Cashier, respectively, and to be the persons who executed the foregoing instrument, and acknowledged the same as such officers, for the purposes therein mentioned.

Diane M. Rampacek
Notary Public

Milwaukee County, Wisconsin

My commission expires 11/13/94

Amendment to Articles of Incorporation

Which Articles were filed/recorded in the office of the Register of Deeds for Milwaukee County on the 6th day of July, 1903. Recorded in Volume S of Corporations, Page 134.

At a meeting of the stockholders of First Wisconsin Trust Company of Milwaukee, Wisconsin, held at the office of said bank in said City on the 16th day of July, A.D. 1992, at 9:30 o'clock A.M., of that day, which meeting was called for the purpose of amending the Articles of Incorporation of said bank, and at which meeting 9,952 shares of the capital stock of said bank were duly represented, the following resolutions were adopted:

"Resolved That the Articles of Incorporation of the bank be amended by striking out the paragraph relating to the name reading as follows:

"The name of this corporation shall be "FIRST WISCONSIN TRUST COMPANY, and its location shall be at the City and County of Milwaukee and State of Wisconsin."

And Inserting in lieu thereof the following paragraph:

"The title of the Corporation shall be Firststar Trust Company, and its location shall be at the City and County of Milwaukee and State of Wisconsin."

"It was further resolved, That the President and Cashier of said bank be authorized, under the seal of the Corporation, to file proper certificates of such amendment with the Commissioner of Banking as provided by law."

ARTICLES OF ASSOCIATION
OF FIRSTSTAR TRUST COMPANY
MILWAUKEE, WISCONSIN

My commission will expire on the 30th day of December, 1906.

(Signed) W.L. Cheney
Notary Public
Milwaukee County,
Wisconsin

EXHIBIT 4

AS AMENDED THROUGH DECEMBER 20, 1990

RESTATED BY-LAWS OF
FIRSTSTAR TRUST COMPANY
ADOPTED JANUARY 15, 1963

ARTICLE 1

The annual meeting of this Corporation for the election of its directors and the transaction of its general business shall be held on the third Thursday of February at the general office of this Corporation in the City of Milwaukee, at 8 o'clock in the morning, or at such other hour and place in the City of Milwaukee as shall be designated by the Board of Directors. If any hour other than 8 o'clock in the morning or any place other than the general office of this Corporation shall be so designated, notice thereof shall be given by mailing the same to each stockholder at his last known address at least ten (10) days prior to the holding of said meeting.

ARTICLE 2

Special meetings of the stockholders of this Corporation shall be held in the City of Milwaukee and may be called at any time by order of the Chairman of the Board, the President, or one of the Vice Presidents, or by the Board of Directors, by mailing to each stockholder at his last known address at least ten (10) days prior to the date of the holding of such special meeting, a notice specifying the time and place of such special meeting and the business to be transacted thereat, and no other business shall be transacted at said meeting.

ARTICLE 3

SECTION 1. Every stockholder may vote and participate at any meeting of stockholders, either in person or by proxy. No proxy shall be recognized unless the same shall be in writing, subscribed by the stockholder nor unless filed with the Secretary prior to the meeting. No active or salaried officer may act as a proxy for a stockholder.

SECTION 2. The Cashier shall maintain a stock book showing the name, residence, and number of shares held by each stockholder, which shall at all times, during the usual hours for transacting business, be subject to inspection by the officers, directors, and stockholders of the Company.

ARTICLE 4

SECTION 1. The Board of Directors shall consist of not less than fifteen nor more than thirty directors, the number of directors to be determined by

resolution adopted at each annual stockholders' meeting, or at any special stockholders' meeting duly called for such purpose. On and after January 1, 1978, no person shall be eligible to be elected or re-elected as a member of the Board of Directors if he shall have attained 70 years of age at the date of the election.

SECTION 2. The election of directors by the stockholders shall be by ballot or other method as shall be adopted by the stockholders by resolution or motion adopted at the stockholders' meeting.

ARTICLE 4 (CONTINUED)

SECTION 3. A majority of the Board of Directors shall constitute a quorum for the transaction of business; provided that the directors may, once in six (6) months, designate by resolution nine (9) members, any five (5) of whom shall constitute a quorum.

SECTION 4. Minutes of each meeting of the Board of Directors shall disclose the date of such meeting, the names of directors present, and the reasons for the absence of each director not in attendance; shall be subscribed by the presiding officer; and shall be read and approved by the Board of Directors at the next succeeding meeting, the minutes of which shall show such fact.

SECTION 5. A regular meeting of the Board of Directors shall be held at the office of this Corporation in the City of Milwaukee at least once in each month at such time as shall, from time to time, be designated by resolution of the Board of Directors.

SECTION 6. Special meetings of the Board of Directors shall be held at the general office of the Corporation in the City of Milwaukee or at such other place in the City of Milwaukee as shall be designated, and may be called by order of the Chairman of the Board, the President, or by any two of the directors by mailing notice of such meeting and the designated time and place thereof to each of the directors at his last known address two (2) days prior to the holding of such meeting.

ARTICLE 5

SECTION 1. An Executive Committee consisting of the Chairman of the Board, the President, and not less than six (6) or more than twelve (12) other directors may be appointed by the Board of Directors to serve until their successors shall be appointed, and such Executive Committee shall direct the management of the affairs of this Corporation in the interim between meetings of the Board of Directors, subject to the control of the Board. The Chairman of the Board, or in his absence (through failure of the Board of Directors to elect a Chairman or otherwise), the President, shall preside at meetings of the Executive Committee. The person from time to time elected Secretary of the Board shall also serve as Secretary of the Executive Committee.

SECTION 2. Meetings of the Executive Committee may be held at any time when the Board of Directors is not in session, and may be prescribed by the Board of Directors or may be called by order of the Chairman of the Board, the President, or by any two (2) members of the Executive Committee, by mailing notice of such meeting designating the time and place thereof, addressed to each member of the Committee at his last known address two (2) days prior to the holding of such meeting, or by personal notice thereof given a sufficient length of time before such meeting to enable members to attend.

SECTION 3. The Executive Committee shall keep full and true minutes of all business transacted at each meeting and shall submit its report together with a copy of the minutes of its proceedings to the Board of Directors at its next meeting thereafter.

SECTION 4. The Board of Directors may appoint an Investment Committee consisting of at least two (2) officers and at least four (4) directors who are not officers, which Committee shall have such duties and authority as the Board of Directors shall from time to time prescribe. Members of such committee shall serve for such periods as the Board shall from time to time prescribe.

ARTICLE 5 (CONTINUED)

SECTION 5. The Board of Directors shall appoint a Loan Committee consisting of three (3) or more directors, which shall meet at least once each month and shall determine policies as to renewals and applications for new loans. All loans shall be presented to the Loan Committee for approval, provided, however, that the Board of Directors may by resolution designate officers who may make loans without the prior approval of the Loan Committee but subject to the provisions of the Wisconsin Statutes, the regulations of the Commissioner of Banks, and these By-laws. Officers designated by the Board may not make unsecured loans in an amount exceeding \$10,000, or collateral loans in an amount exceeding \$25,000. No loans may be made in an amount exceeding the limits established from time to time by the Board of Directors without securing a sworn financial statement unless such loan is secured by collateral having a value in excess of the amount of the loan.

SECTION 6. Each year the Board of Directors shall appoint, from among its members or stockholders, an Examining Committee, which shall have such duties as shall be prescribed by law.

SECTION 7. The Board of Directors shall have the power to set the banking hours of this bank, subject to the provisions of the Wisconsin Statutes and the regulations of the Commissioner of Banks. Certified copies of all resolutions of the Board pertaining to banking hours shall be furnished to the State Banking Department.

SECTION 8. A detailed statement of all current expenses and taxes paid shall be presented to the Board in writing every month, or more often if required by the Board.

ARTICLE 6

A written waiver signed by any director or member of any committee shall be the equivalent of due notice to him of any meeting therein mentioned.

ARTICLE 7

Directors and members of committees appointed by the Board of Directors, except directors or members who are salaried officers or employees of this Corporation, shall be paid such fees for services and attendance at meetings as the Board of Directors shall from time to time prescribe.

ARTICLE 8

SECTION 1. The general officers of the Corporation shall be a president, two or

more vice presidents, a cashier and one or more assistant cashiers, a secretary and one or more assistant secretaries, one or more trust officers, and such other officers as may be appropriate for the transaction of its business, each of whom shall be elected by a viva voce vote of the Board of Directors, unless objection thereto is made, whereupon such election shall be by ballot. The Chairman of the Board, if there be one, the senior executive officer in charge of conducting the business of this Corporation and the officer in charge of the Trust Department of this Corporation shall be chosen from among the directors. Each of said officers shall be elected for one year and until his successor has been elected and qualified, unless sooner removed by the Board of Directors.

ARTICLE 8 (CONTINUED)

SECTION 2. The Board of Directors shall have authority to define the duties and obligations of all officers, to fix their compensation, to dismiss them at pleasure, to fill vacancies in offices, and to require any officer to provide a satisfactory bond for the faithful performance of his duties. Unless otherwise prescribed by the Board of Directors, each officer shall have the duties and authority prescribed by law or ordinarily incidental to his office in similar corporations.

SECTION 3. The Board of Directors shall designate the officers to be the chief executive officer in charge of the Trust Department of this Corporation. All fiduciary powers of this Corporation shall be exercised through such officer who shall be generally responsible for and supervise and direct the activities of the Trust Department, and do and perform all acts and things necessary and proper in carrying on the business of the Trust Department in accordance with the provisions of applicable laws and regulations and the directions of the Board of Directors, appropriate committees of the Board, and his superior officers, and shall cause to be kept under his supervision books of account of the transactions of this Corporation in a fiduciary capacity.

SECTION 4. The executive officers shall have authority to employ and discharge all necessary agents and servants of this Corporation whose appointments shall not be provided for by the Board, to define their duties, and to fix their compensations.

ARTICLE 9

The Board of Directors may by resolution provide for this Corporation to indemnify each director or officer, whether or not then in office, against all expense and liability relating to a claim, action, suit, or proceeding against him or to which he may be made a party by reason of his being or having been a director or officer of this Corporation, or of any other company which he served as a director or officer at the request of this Corporation, except in any case where he was finally adjudged to have been derelict in the performance of his duties as such director or officer. Such resolution may include provisions for this Corporation (1) to assume or provide at its expense and risk the defense or settlement of any section, (2) to purchase commercial insurance for the benefit of a director or officer, including one adjudged guilty of negligence or misconduct, and (3) to assume or share any additional expense or liability as the Board of Directors deems warranted upon consideration of the circumstances.

ARTICLE 10

The Board of Directors may by resolution adopt emergency provisions to prevail notwithstanding any contrary provisions of these By-laws, to take effect when a

state of emergency results in this Corporation being unable to continue its normal functions under the direction of established management or at its regular location (which provisions may include, but shall not be limited to procedures for establishing temporary offices, an emergency executive committee, and emergency officer succession).

ARTICLE 11

The shares of stock of this Corporation shall be transferable only on the books of this Corporation upon surrender of the certificate issued therefor.

ARTICLE 12

These By-laws may be altered, amended, or repealed in whole or in part in any manner not inconsistent with the provisions of law at any time by a vote of the stockholders representing two-thirds of the capital stock, such a vote to be taken at a general or special meeting, the notice whereof shall specify that it is the intention to consider such amendment and shall contain a full statement of the effect of the amendment proposed.

EXHIBIT 6

CONSENT OF THE TRUSTEE REQUIRED BY SECTION 321(b)
OF THE TRUST INDENTURE ACT OF 1939

Firststar Trust Company, as Trustee herein named, hereby consents that reports of examination of said Trustee by Federal and State authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

FIRSTAR TRUST COMPANY,
as Trustee

By: /s/ Joseph S. Quinn

Joseph S. Quinn, Vice President
(Name and title)

By: /s/ Yvonne Siira

Yvonne Siira, Assistant Secretary
(Name and title)

Dated: February 25, 1994

PUBLICATION COPY--COMMERCIAL AND SAVINGS BANKS
CONSOLIDATED REPORT OF CONDITION (Including Domestic and Foreign Subsidiaries)
STATE 035(3/93)

LEGAL TITLE OF BANK

STATE BANK NO.

12-99

 CITY COUNTY STATE ZIP CODE CLOSE OF BUSINESS DATE
 Milwaukee Milwaukee Wisconsin 53202 12/31/93

<TABLE>

		Dollar Amounts in Thousands		
		Mil	Thou	
		<C>	<C>	<C>
<S>				
ASSETS				
1.	Cash and balances due from depository institutions:			
	a. Noninterest-bearing balances and currency and coin.....	93	793	1.a.
	b. Interest-bearing balances.....		0	1.b.
2.	Securities.....	44	394	2.
3.	Federal funds sold & securities purchased under agreements to resell in domestic offices of the bank & of its Edge & Agreement subsidiaries, & in IBFs:			
	a. Federal funds sold.....	10	000	3.a.
	b. Securities purchased under agreements to resell		0	3.b.
4.	Loans and lease financing receivables:.....			
	a. Loans and leases, net of unearned income. 8,696			4.a.
	b. LESS: Allowance for loan and lease losses... 73			4.b.
	c. LESS: Allocated transfer risk reserve.....		0	4.c.
	d. Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b and 4.c).....	8	623	4.d.
5.	Assets held in trading accounts.....		0	5.
6.	Premises and fixed assets (including capitalized leases).....	1	361	6.
7.	Other real estate owned.....		0	7.
8.	Investments in unconsolidated subsidiaries and associated companies.....		0	8.
9.	Customers' liability to this bank on acceptances outstanding.....		0	9.
10.	Intangible assets.....		0	10.
11.	Other assets.....	6	042	11.
12.	a. Total assets (sum of items 1 through 11).....	164	213	12.a.
	b. Loans deferred pursuant to 12 U.S.C. Section 1823(j).....		0	12.b.
	c. Total assets and losses deferred pursuant to 12 U.S.C. Section 1823(j) (sum of items 12.a and 12.b).....	164	213	12.c.
LIABILITIES				
13.	Deposits: a. In domestic offices.....	141	819	13.a.
	(1) Noninterest-bearing..... 141,374			13.a.(1)
	(2) Interest-bearing..... 445			13.a.(2)
	b. In foreign offices, Edge and Agreement subsidiaries, and IBFs.....		0	13.b.
	(1) Non-interest bearing.....		None	13.b.(1)
	(2) Interest-bearing.....		None	13.b.(2)
14.	Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank & of its Edge & Agreement subsidiaries.....	1	650	14.a.
	b. Securities sold under agreements to repurchase.		0	14.b.

15. Demand notes issued to the U.S. Treasury.....		0	15.
16. Other borrowed money.....	1	125	16.
17. Mortgage indebtedness and obligations under capitalized leases.....		0	17.
18. Bank's liability on acceptances executed and outstanding.....		0	18.
19. Subordinated notes and debentures.....		0	19.
20. Other liabilities.....	5	910	20.
21. Total liabilities (sum of items 13 through 20)....	150	504	21.
22. Limited-life preferred stock and related surplus..		0	22.
EQUITY CAPITAL			
23. Perpetual preferred stock and related surplus (No. of shares outstanding)....None)...		0	23.
24. Common stock (No. of shares			
a. Authorized..... 10,000			
b. Outstanding..... 10,000).....	1	000	24.
25. Surplus (exclude all surplus related to preferred stock).....	9	083	25.
26. a. Undivided profits and capital reserves.....	3	626	26.a.
b. LESS: Net unrealized loss on marketable equity securities.....		0	26.b.
27. Cumulative foreign currency translation adjustments.....			
28. a. Total equity capital (sum of items 23 through 27).....	13	709	28.a.
b. Losses deferred pursuant to 12 U.S.C. Section 1823(j).....		0	28.b.
c. Total equity capital and losses deferred pursuant to 12 U.S.C. Section 1823(j) (sum of items 28.a. & 28.b).....	13	709	28.c.
29. Total liabilities, limited-life preferred stock, equity capital, and losses deferred pursuant to 12 U.S.C. Section 1823(j) (sum of items 21, 22, and 28.c).....	164	213	29.

MEMORANDA: Amounts outstanding as of Report
of Condition date:

1.a. Standby letters of credit. Total.....	None	MEMO 1.a.
1.b. Amount of Standby letters of credit in memo 1.a. conveyed to others through participations.....	None	1.b.

</TABLE>

NOTE: This report must be signed by an authorized officer(s) and attested by not less than three directors other than the officer(s) signing the report.

I/We, the undersigned officer(s), do hereby declare that this Report of Condition has been prepared in conformance with official instructions and is true and correct to the best of my (our) knowledge and belief.

SIGNATURE OF OFFICER(S) AUTHORIZED TO SIGN REPORT	DATE SIGNED
James D. Hintz	Jan 26 1994

NAME(S) AND TITLE(S) OF OFFICER(S) AUTHORIZED TO SIGN REPORT	AREA CODE/PHONE NO.
James D. Hintz, First Vice President and Cashier	414 765-5295

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with official instructions and is true and correct.

SIGNATURE OF DIRECTOR
Blaine E. Rieke

SIGNATURE OF DIRECTOR
Philip R. Smith

SIGNATURE OF DIRECTOR

(MAKE MARK FOR NOTARY'S SEAL) State of Wisconsin County of Milwaukee
Sworn to and subscribed before me this 27 day of January 1994
and I hereby certify that I am not an officer or director of
this bank.

Nancy A. Helgerson

Signature Notary Public

My commission expires 4-20 1997

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20545

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY
OF TRUSTEE PURSUANT TO SECTION 305(B)(2) _____

M&I FIRST NATIONAL BANK
(Exact name of trustee as specified in its charter)

WISCONSIN
(Jurisdiction of incorporation
of organization if not a U.S.
national bank)

39-0698093
(I.R.S. Employer
Identification Number)

321 NORTH MAIN STREET
WEST BEND, WISCONSIN
(Address of principal executive offices)

53095
(Zip Code)

R.T. STEPHENSON
321 NORTH MAIN STREET
WEST BEND, WISCONSIN 53095
(414) 335-3030
(Name, address and telephone number of agent for service)

MADISON GAS AND ELECTRIC COMPANY
(Exact Name of obligor as specified in its charter)

WISCONSIN
(State or other jurisdiction
of incorporation or organization)

39-0444025
(I.R.S. Employer
Identification Number)

133 SOUTH BLAIR STREET
P. O. BOX 1231
MADISON, WISCONSIN
(Address of principal executive offices)

53701-1231
(Zip Code)

SECURED MEDIUM-TERM NOTES, SERIES A
(Title of indenture securities)

Item 1. General information.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency, Washington, D.C.
Federal Deposit Insurance Corporation, Washington, D.C.
The Board of Governors of the Federal Reserve System,
Washington, D.C.

- (b) Whether it is authorized to exercise corporate trust powers.

The corporate trustee is authorized to exercise corporate trust

powers.

Item 2. Affiliations with the Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

The obligor is not an affiliate of the trustee.

Item 3. Voting Securities of the Trustee.

Not applicable as the obligor is not presently in default.

Item 4. Trusteeships Under Other Indentures.

Not applicable as the obligor is not presently in default.

Item 5. Interlocking Directorates and Similar Relationships with the Obligor or Underwriters.

Not applicable as the obligor is not presently in default.

Item 6. Voting securities of the Trustee Owned by the Obligor or its Officials.

Not applicable as the obligor is not presently in default.

Item 7. Voting Securities of the Trustee Owned by Underwriters or their Officials.

Not applicable as the obligor is not presently in default.

Item 8. Securities of the Obligor Owned or Held by the Trustee.

Not applicable as the obligor is not presently in default.

Item 9. Securities of Underwriters Owned or Held by the Trustee.

Not applicable as the obligor is not presently in default.

Item 10. Ownership or Holdings by the Trustee of Voting Securities of Certain Affiliates or Security Holders of the Obligor.

Not applicable as the obligor is not presently in default.

Item 11. Ownership or Holdings by the Trustee of any Securities of a Person Owning 50 Percent or More of the Voting Securities of the Obligor. Not applicable as the obligor is not presently in default.

Item 12. Indebtedness of the Obligor to the Trustee.

Not applicable as the obligor is not presently in default.

Item 13. Defaults by the Obligor.

Not applicable as the obligor is not presently in default.

Item 14. Affiliations with the Underwriters.

Not applicable as the obligor is not presently in default.

Item 15. Foreign Trustee.

Not applicable.

Item 16. List of Exhibits.

List below all exhibits filed as part of this statement of eligibility.

1. A copy of the Articles of Association of M&I First National Bank as now in effect (filed herewith).
2. Comptroller of the Currency authorization to commence business incorporated by reference to Exhibit 1 to Statement of

Eligibility of Trustee Exhibit to Registration Statement on Form S-3 of Ziegler Collateralized Securities, Inc. West Bend, Wisconsin, Registration Number 33-42723.

3. Federal Reserve Board grant of Fiduciary powers incorporated by reference to Exhibit 1 to Statement of Eligibility of Trustee Exhibit to Registration Statement on Form S-3 of Ziegler Collateralized Securities, Inc. West Bend, Wisconsin, Registration Number 33-42723.
4. A copy of the existing By-Laws of M&I First National Bank (filed herewith).
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939 (filed herewith).
7. A copy of the latest report of condition of the Trustee published pursuant to law or the requirement of its supervising or examining authority (filed herewith).

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, M&I First National Bank, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunder duly authorized, all in the City of West Bend and State of Wisconsin, on the 25th day of February, 1994.

By: /s/ R. T. Stephenson

R. T. Stephenson, Executive Vice President

ARTICLES OF ASSOCIATION

FIRST. The title of this Association shall be M&I First National Bank.

SECOND. The Main Office of the Association shall be in West Bend, County of Washington, State of Wisconsin. The general business of the Association shall be conducted at its main office and its branches.

THIRD. The Board of Directors of this Association shall consist of not less than five nor more than twenty-five Shareholders. At any meeting of the Shareholders held for the purpose of electing Directors, or changing the number thereof, the number of Directors may be determined by a majority of the votes cast by the Shareholders in person or by proxy. Each director, during the full term of his or her directorship, shall own a minimum of \$1,000 aggregate par value of stock of this Association or a minimum market value or equity interest of \$1,000 of stock in the bank holding company controlling this Association.

A majority of the Board of Directors shall be necessary to constitute a quorum for the transaction of business at any Directors' meeting. The Board of Directors, by the vote of a majority of the full board, may, between annual meetings of Shareholders, increase the membership of the board by not more than two members and by like vote appoint qualified persons to fill the vacancies created thereby.

FOURTH. The regular annual meeting of the Shareholders of this Association shall be held at its main banking house, or other convenient place duly authorized by the Board of Directors on such day of each year as is specified therefor in the bylaws.

FIFTH. The authorized amount of capital stock of this Association shall be 105,000 shares of common stock of the par value of twenty dollars (\$20.00) each; but said capital stock may be increased or decreased from time to time, in accordance with the provisions of the laws of the United States.

If the capital stock is increased by the sale of additional shares thereof, each Shareholder shall be entitled to subscribe for such additional shares in proportion to the number of shares of said capital stock owned by him at the time the increase is authorized by the Shareholders, unless another time

subsequent to the date of the Shareholders' meeting is specified in a resolution by the Shareholders at the time the increase is authorized. The Board of Directors shall have the power to prescribe a reasonable period of time within which the preemptive rights to subscribe to the new shares of capital stock must be exercised.

The Association, at any time and from time to time, may authorize and issue debt obligations, whether or not Subordinated, without the approval of the Shareholders.

SIXTH. The Board of Directors shall appoint one of its members President of this Association, who shall be Chairperson of the Board, unless the Board appoints another director to be the Chairperson. The Board of Directors shall have the power to appoint one or more Vice Presidents; and to appoint a Cashier and such other officers and employees as may be required to transact the business of this Association.

The Board of Directors shall have the power to define the duties of the officers and employees of the Association; to fix the salaries to be paid to them; to dismiss them; to require bonds from them and to fix the penalty thereof; to regulate the manner in which any increase of the capital of the Association shall be made; to management and administer the business and affairs of the Association; to make all Bylaws that it may be lawful for them to make; and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

SEVENTH. The Board of Directors shall have the power to change the location of the main office to any other place within the limits of West Bend, without the approval of the Shareholders but subject to the approval of the Comptroller of the Currency; and shall have the power to establish or change the location of any branch or branches of the Association to any other location, without the approval of the Shareholders but subject to the approval of the Comptroller of the Currency.

EIGHTH. The corporate existence of this Association shall continue until terminated in accordance with the laws of the United States.

NINTH. The Board of Directors of this Association, or any Shareholder(s) owning, in the aggregate, not less than 10 percent of the stock of this Association, may call a special meeting of Shareholders at any time. Unless otherwise provided by the laws of the United States, a notice of the time, place, and purpose of every annual and special meeting of the Shareholders shall be given by first-class mail, postage prepaid, mailed at least 10 days prior to the date of such meeting to each Shareholder of record at his address as shown upon the books of this Association.

TENTH. Section 1. Right of Directors and Officers to Indemnification. Every person shall be indemnified to the fullest extent permitted by law, as the same may exist or may hereafter be amended (but, in the case of any such amendment, only to the extent such amendment permits the Bank to provide broader indemnification rights than the law permitted the Bank to provide prior to such amendment), for all reasonable expenses (including fees, costs, charges, disbursements, attorneys fees and any other expenses) and against all liability (including the obligation to pay a judgement, settlement, penalty, assessment, forfeiture or fine, including an excise tax with respect to an employee benefit plan) asserted against, incurred by or imposed on him or her in connection with any action, suit or proceeding, whether civil, criminal, administrative or investigative ("Proceeding") to which he or she is made or threatened to be made a party by reason of his or her being or having been a Director, Officer, employee or agent of the Bank (or by reason of, while serving as a Director, Officer, employee or agent of the Bank, having served at the Bank's request as a Director, Officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise, including service to an employee benefit plan); provided, however, in situations other than a successful defense of a Proceeding, the Director, Officer, employee or agent shall not be indemnified where he or she breached or failed to perform a duty to the Bank or such other corporation, partnership, joint venture, trust, or other enterprise and the breach or failure to perform constitutes (a) a willful failure to deal fairly with the Bank or such other corporation, partnership, joint venture, trust, or other enterprise or its Shareholders in connection with the matter in which the Director, Officer, employee or agent has a material conflict of interest, (b)

a violation of criminal law, unless the Director, Officer, employee or agent had reasonable cause to believe his or her conduct was lawful, or no reasonable cause to believe his or her conduct was unlawful, (c) a transaction from which the Director, Officer, employee or agent derived an improper personal benefit, or (d) willful misconduct; and further provided, notwithstanding anything to the contrary stated in this Article, no Director, Officer, employee or agent shall be indemnified hereunder against expenses, penalties or other payments incurred in an administrative proceeding or action instituted by the Bank's regulatory agency, which proceeding or action results in a final order assessing civil money penalties or requiring affirmative action by an individual or individuals in the form of payments to the Bank. Such rights to indemnification shall include the right to be paid by the Bank reasonable expenses as incurred in defending such Proceeding; provided, however, that payment of such expenses as incurred shall be made only upon such person delivering to the Bank (a) a written affirmation of his or her good faith belief that he or she is entitled to indemnification hereunder, and (b) a written undertaking, executed personally or on his or her behalf, to repay the allowance to the extent it is ultimately determined that such person is not entitled to indemnification under this Article. The Bank may require that the undertaking be secured and may require payment of reasonable interest on the allowance to the extent that it is ultimately determined that such person is not entitled to indemnification. A Director, Officer, employee or agent seeking indemnification under this Article shall select one of the means for determining his or her right to indemnification set forth in Section 180.0855 of Wisconsin Statutes, or any successor thereto.

SECTION 2. Right of Director or Officer to Bring Suit. If a claim under this Article is not paid in full by the Bank within 30 days after a written claim has been received by the Bank, the claimant may at any time thereafter bring suit against the Bank to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the reasonable expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any Proceeding in advance of its final disposition where the required undertaking has been tendered to the Bank) that the claimant has not met the standards of conduct under this Article which make it permissible for the Bank to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Bank.

SECTION 3. Contract Rights; Amendment or Repeal. All rights under this Article shall be deemed a contract between the Bank and the Director, Officer, employee or agent pursuant to which the Bank and the Director, Officer, employee or agent intend to be legally bound. Any repeal, amendment or modification of this Article shall be prospective only as to conduct of a Director, Officer, employee or agent occurring thereafter, and shall not affect any rights or obligations then existing.

SECTION 4. Scope of Article. The rights granted by this Article shall not be deemed exclusive of any other rights to which a Director, Officer, employee or agent may be entitled under any statute, agreement, vote of Shareholders or disinterested Directors or otherwise. The indemnification and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be a Director, Officer, employee or agent in respect to matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

SECTION 5. Insurance. The Bank may purchase and maintain insurance, at its expense, to protect itself and any person who is or was a Director, Officer, employee or agent of the Bank or is or was serving at the request of the Bank as a Director, Officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service to an employee benefit plan, against any liability asserted against that person or incurred by that person in any such capacity, or arising out of that person's status as such, whether or not the Bank would have the power to indemnify such person against such expense, liability or loss under this Article; provided, however, that any such policy of insurance purchased by the Bank shall exclude coverage for a formal order assessing civil money penalties against a Director, Officer or employee of the Bank.

SECTION 6. Interpretation of Provisions. In order for the Bank to obtain and retain qualified Directors, Officers, employees and agents, the foregoing provisions shall be liberally administered in order to afford maximum

indemnification of Directors, Officers, employees and agents and, accordingly, the indemnification above provided for shall be granted in all cases unless to do so would clearly contravene applicable law, controlling precedent or public policy.

ELEVENTH. These Articles of Association may be amended at any regular or special meeting of the Shareholders by the affirmative vote of the holders of a majority of the stock of this Association unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount.

(TREASURY DEPARTMENT LOGO)

(CERTIFICATE OF COMPTROLLER OF CURRENCY
TREASURY DEPARTMENT OF THE UNITED STATES)

(SEAL OF COMPTROLLER
OF THE UNITED STATES
TREASURY)

(SIGNATURE OF COMPTROLLER)

(FEDERAL RESERVE BOARD LOGO)

(CERTIFICATE OF FEDERAL RESERVE BOARD)
(OF THE UNITED STATES)

(SIGNATURE OF
FEDERAL RESERVE BOARD)

RECORD OF BY-LAW CHANGES

January 31, 1983	New By-Laws adopted for M&I First National Bank.
July 8, 1986	Paragraph 3.06 added to reflect policy on Director Emeritus.
December 8, 1987	Article VIII Paragraph 8.01 changed to provide that bank management could revise hours at branch offices and drive-ups and walk-up facilities.

BYLAWS OF

M & I FIRST NATIONAL BANK

WEST BEND, WISCONSIN

Organized under the National Banking Laws of the United States

ARTICLE I. MEETINGS OF SHAREHOLDERS

1.01 The regular annual meeting of the Shareholders of this association, for the election of directors and for the transaction of such other business as properly may come before the meeting, shall be held at its Main Banking House in West Bend, Wisconsin, or any other convenient place duly authorized by the Board of Directors, on the fourth Tuesday of January of each year in accordance with the laws of the United States; but if no such election is held on that day it may be held at any regular adjournment of the meeting or at a subsequent special meeting called in accordance with the provisions of the laws of the United States. The holders of a majority of the outstanding shares entitled to vote, and represented at any meeting of the Shareholders, may choose persons to act as Chairman and as Secretary of the meeting. The President of the association shall then make a report to the Shareholders regarding the condition of the association and shall review the business of the preceding year.

1.02 The Board of Directors of this association, or any Shareholders owning, in the aggregate, not less than ten per centum (10%) of the stock of this association, may call a special meeting of Shareholders at any time. Unless otherwise provided by the laws of the United States, or by the Articles of Association, a notice of the time, place, and purpose of every regular annual meeting, and every special meeting of the Shareholders shall be given by first-class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each Shareholder of record at his address as shown upon the books of the association.

ARTICLE II. VOTING AT MEETINGS OF SHAREHOLDERS

2.01 Shareholders may vote at any meeting of the Shareholders by proxies duly authorized in writing, but no officer or employee of this association shall act as proxy. Proxies shall be valid only for one meeting, to be specified therein, and any adjournments of such meeting. Proxies shall be dated and shall be filed with the records of the meeting.

In deciding on questions at meetings of Shareholders, except in the election of directors, each Shareholder shall be entitled to one vote for each share of stock held. A majority of votes cast shall decide each matter submitted to the Shareholders at the meeting except in cases where by law a larger vote is required.

In all elections of directors, each Shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected.

In the case of any meeting of the Shareholders, a record showing the names of the Shareholders present and the number of shares of stock held by each, the names of Shareholders represented by proxy and the number of shares held by each, and the names of the proxies shall be made. This record also shall show the number of shares voted on each action taken, including the number of shares voted for each candidate for director. This record shall be included in the minutes' book of the Bank.

After each meeting of the Shareholders, there shall be forwarded to the Comptroller of the Currency a report thereof, in the form prescribed by the Comptroller of the Currency.

ARTICLE III. DIRECTORS

3.01 The Board of Directors shall consist of not less than seven (7) nor more than fifteen (15) members. The number of Directors to be elected shall be determined at the annual meeting of Shareholders by a majority of the votes cast by the Shareholders in person or by proxy, or by a similar vote at any special meeting called for the purpose, upon due notice having been given according to law.

3.02 The Directors of this association shall hold office for one year and until their successors are elected and have qualified.

Each person elected or appointed a Director of this association must take the oath of such office in the form prescribed by the Comptroller of the Currency. No person elected or appointed a Director of this association shall exercise the

functions of such office until he has taken such oath.

Any vacancies occurring in the Board of Directors shall be filled, in accordance with the laws of the United States, by appointment by the remaining Directors, and any Director so appointed shall hold office until the next election.

Following the annual meeting of the shareholders, the Chairman, or the Secretary, of the meeting shall notify promptly the Directors-Elect of their election, and they shall meet promptly for the purpose of taking their oaths, organizing the new Board, appointing officers and fixing salaries for the ensuing year, and for transacting such other business as properly may come before the meeting.

3.03 The Regular Meetings of the Board of Directors shall be held, without notice, on the second Tuesday of each month at the Main Banking House. When any regular meeting of the Board falls upon a holiday, the meeting shall be held on the next banking business day unless the Board shall designate some other day.

3.04 Special meetings of the Board of Directors may be called by the President of the association, or at the request of three (3) or more Directors. Each member of the Board of Directors shall be given notice stating the time and place, by telegram, letter, or in person, of each such special meeting, excepting the Organization Meeting following the election of Directors.

3.05 A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business. If, at the time fixed for the meeting, including the meeting to organize the new Board following the Annual Meeting of Shareholder, a quorum is not present, the Directors in attendance may adjourn the meeting from time to time until a quorum is obtained.

Except as otherwise provided herein, a majority of those Directors present and voting at any meeting of the Board of Directors, shall decide each matter considered. A Director cannot vote by proxy, or otherwise act by proxy at a meeting of the Board of Directors.

3.06 Director Emeritus. No person shall be eligible to be elected a Director at any meeting of Shareholder held on or after the date he attains age seventy (70). The Board of Directors, at its discretion, may designate such a person who has served as a Director of the bank as a Director Emeritus upon such terms and conditions and at such compensation as may be fixed by resolution of the Board from time to time. Any Director who has attained age sixty-five (65) upon declining to stand for re-election shall likewise be eligible to be designated a Director Emeritus by the Board.

A Director Emeritus shall be entitled to receive all notices of meetings and communications to Directors, attend all meetings of the Board of Directors and to participate in discussions of the Board. However, a Director Emeritus shall not vote or be counted in determining a quorum at any meeting of directors.

ARTICLE IV. OFFICERS AND EMPLOYEES

4.01 The Officers of this association shall be a President, one or more Vice Presidents, a Cashier, and such other officers as may be appointed by the Board of Directors. The President shall be a member of the Board of Directors. The President shall be the Chairman of the Board unless the Board appoints some other Director to act in that capacity.

4.02 The President shall hold his office for the current year for which the Board of which he shall be a member was elected, unless he shall resign, become disqualified, or be removed; and any vacancy occurring in the office of President shall be filled promptly by the Board of Directors.

4.03 The Cashier and the subordinate officers and clerks shall be appointed to hold their offices, respectively, during the pleasure of the Board of Directors.

4.04 Each officer and employee of the association shall give bond of suitable amount with security to be approved by the Board of Directors, conditioned for the honest and faithful discharge of his duties as such officer or employee. At the discretion of the Board, such bonds may be schedule or blanket form and the premiums shall be paid by the association. The amount of such bonds, the form of coverage, and the name of the company providing the

surety therefor shall be reviewed by the Board of Directors each year at the first regular meeting of the Board following the Organization Meeting of the new Board. Action shall be taken by the Board at that time approving the amount of the bond to be provided by each officer and employee of the association for the ensuing year.

4.05 The Chairman of the Board shall preside at all meetings of the Board of Directors and shall be an ex officio member of all Committees of the Board of Directors except the Examining Committee. He also shall serve the association in an advisory capacity and perform such other duties as may be assigned to him, from time to time, by the Board of Directors. In the absence of the Chairman of the Board, the President shall preside at all such meetings.

4.06 The President of the association shall be the chief executive officer of the association and shall be an ex officio member of all committees of the association except the Examining Committee.

4.07 The Vice Presidents shall assist the President in the discharge of the executive, managerial, and supervisory duties and functions of the President. In the absence of the Chairman of the Board and President or in the event of the death, inability or refusal to act, or in the event for any reason which shall be impractical for them to act personally, the Vice President (or if there be more than one, then in the order designated by the Board of Directors or President, or in the absence of any designation in the order of their election) shall perform the duties of the President and when so acting, shall have all the powers of and be subject to all of the restrictions upon the President.

4.08 The Cashier of this association shall be responsible for all assets and documents of this association and shall keep proper records of all the transactions of the association. The Cashier shall be the Secretary of the association and shall be responsible for the minutes' book of the association, in which he shall maintain and preserve the organization papers of the association, the Articles of Association, the returns of elections, the Bylaws, the proceedings of regular and special meetings of the Board of Directors and of the Shareholders, and the reports of the Committees and Board of Directors. The minutes of each meeting shall be signed by the President and attested by the Cashier, or by the duly elected Secretary of the Board of Directors.

4.09 There shall be a Trust Officer of this association whose duties shall be to manage, supervise and direct all the activities of the Trust Department. He shall do and perform all acts and things necessary or proper to be done or performed in carrying on the business of the Trust Department in accordance with provisions of law and regulations of the Comptroller of the Currency.

He shall act pursuant to opinion of counsel where such opinion is deemed necessary. Opinions of counsel shall be retained on file in connection with all important matters pertaining to trusts, both individual and corporate.

The Trust Officer shall be responsible for all assets and documents held by the association in connection with trust matters.

ARTICLE V. COMMITTEES

5.01 There shall be a standing committee of this association, appointed by the Board, to be known as the Loan Committee, consisting of the President, and three (3) or more other Officers or Directors, each to serve a twelve (12) month term. This committee shall have power to discount and purchase bills, notes and other evidences of debt, to buy and sell bills of exchange, to examine and approve loans and discounts, to exercise authority regarding loans and discounts held by the association, and to direct and transact all other business of the association, which properly might come before the Board of Directors, except such as the Board only, by law, is authorized to perform. The Loan Committee shall report its actions in writing at each regular meeting of the Board of Directors, which shall approve or disapprove the report and record such action in the minutes of the meeting.

5.02 There shall be a standing committee of this association known as the Examining Committee, appointed annually by the Board of Directors. Each member of this Committee shall serve until his successor is appointed and the Committee shall consist of three (3) members of the Board of Directors, none of whom shall

be active officers of the association. The duties of this committee shall be to make suitable examinations every six months of the affairs of the association. The result of such examination shall be reported, in writing, to the Board at the next regular meeting thereafter, stating whether the association is in a sound and solvent condition, whether adequate internal audit controls and procedures are being maintained, and recommending to the Board such changes in the manner of doing business, etc., as shall be deemed advisable.

The Examining Committee, upon its own recommendation and with the approval of the Board of Directors, may employ a qualified firm of Certified Public Accountants to make an examination and audit of the association. If such a procedure is followed, the one annual examination and audit of such firm of Accountants and the presentation of its report to the Board of Directors, will be deemed sufficient to comply with the requirements of this section of these Bylaws.

5.03 There shall be a Trust Investment Committee of this association composed of three (3) or more members, who shall be capable and experienced Officers or Directors of the association. All investments of trust funds shall be made, retained or disposed of only with the approval of the Trust Investment Committee; and the Committee shall keep minutes of all its meetings, showing the disposition of all matters considered and passed upon by it. The Committee shall, promptly after the acceptance of an account for which the bank has investment responsibilities, review the assets thereof, to determine the advisability of retaining or disposing of such assets. The Committee shall conduct a similar review at least once during each calendar year thereafter and within fifteen months of the last such review. A report of all such reviews, together with the action taken as a result thereof, shall be noted in the minutes of the Committee.

As prescribed by Regulation 9 of the Comptroller of the Currency, the Board of Directors shall appoint a committee of three (3) Directors, exclusive of any active Officers of the association,

which shall, at least once during each calendar year and within 15 months of the last such audit make suitable audits of the Trust Department or cause suitable audits to be made by auditors responsible only to the Board of Directors, and at such time shall ascertain whether the department has been administered in accordance with law, Regulation 9, and sound fiduciary principles. Such committee shall promptly make a full report of such audits and examination in writing to the Board of Directors of the association, together with a recommendation as to the action, if any, which may be necessary to correct any unsatisfactory conditions. A report of the audits and examination required together with the action taken thereon shall be noted in the minutes of the Board of Directors and such report shall be made a part of the records of the association.

5.04 The Board of Directors may appoint, from time to time, other temporary committees, for such purposes and with such powers as the Board may determine.

ARTICLE VI. SEAL

6.01 The following is an impression of the Seal adopted by the Board of Directors of this association:

(S E A L)

The President, each Vice President, the Cashier, the Trust Officer, the Assistant Trust Officer, and each Assistant Cashier shall have authority to affix the Corporate Seal of this association and to attest the same.

ARTICLE VII. STOCK

7.01 The stock of this association shall be assignable and transferable

only on the books of this association. A stock certificate book shall be maintained in which all assignments and transfers of stock shall be made.

7.02 Certificates of stock, signed by the President or Vice President and the Cashier or an Assistant Cashier, shall be issued to Shareholders, and when stock is transferred the certificates thereof shall be returned to the association and new certificates issued. The returned certificates shall be cancelled and preserved for record purposes. Certificates of stock shall meet the requirements of Section 5139 of the Revised Statutes and shall state upon the face thereof that the stock is transferable only upon the books of the association.

ARTICLE VIII. BANKING HOURS

8.01 This association shall be open for business, at its main office located at 321 North Main Street, from 8:30 A.M. to 5:00 P.M. each Monday through Thursday, and from 8:30 A.M. to 7:00 P.M. on each Friday. Banking hours for Branch offices and drive-up and walk-up facilities shall be determined by bank management so long as such hours conform to the laws and regulations of applicable bank regulatory agencies. Sundays and days recognized by the laws of The United States of America and the State of Wisconsin as legal holidays, this association may be closed. The hours referred to in this section shall mean Standard Time, except when Daylight Saving Time is in effect, when such stated hours shall mean Daylight Saving Time.

ARTICLE IX. CONVEYANCE OF REAL ESTATE

9.01 All transfers and conveyance of real estate, title to which is vested in this association, including real estate held as fiduciary, shall be by written instrument under the seal of this association, made pursuant to the order of the Board of Directors, and signed by the President, Vice President or Cashier.

ARTICLE X. CONTRACTS

10.01 All contracts, checks, drafts and other instruments shall be signed by the President or a Vice President, or such other officers as may be designated by the Board of Directors.

ARTICLE XI. TRUSTS

11.01 There shall be maintained in the Trust Department a file containing (a) original instruments creating each trust, or properly authenticated copies thereof, (b) properly receipted vouchers evidencing payments and distributions under each trust, (c) properly evidenced reports to courts or others accounting for trusts, and (d) copies of all court orders in connection with trust matters.

11.02 No trust funds shall be invested in any securities in which corporate fiduciaries located in this state may not lawfully invest except (a) in accordance with express instructions contained in the trust instrument, (b) pursuant to court order, or (c) where the trust instrument expressly provides that investments may be made without regard to otherwise applicable laws governing investments by fiduciaries.

ARTICLE XII. INDEMNIFICATION

12.01 The association may indemnify any person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the association) by reason of the fact that he is or was a Director, Officer, employee or agent of the association, or is or was serving at the request of the association as a

Director, Officer, employee or agent of another corporation, partnership, joint venture, trusts or other entity or enterprise, against expenses, including attorneys' fees, judgements, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the association or such other corporation, partnership, joint venture, trust or other entity or enterprise, and was not adjudged guilty of, or liable for, willful misconduct, gross neglect of duty, or criminal acts. The termination of any action, suit or proceeding by judgement, order, settlement, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the association or such other corporation, partnership, joint venture, trust or other entity or enterprise.

12.02 The association may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the association or Marshall & Ilsley Corporation to procure a judgment in its favor by reason of the fact that he is or was a Director, Officer, employee or agent of the association, or is or was serving at the request of the association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other entity or enterprise against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the association or such other corporation, partnership, joint venture, trust or other entity or enterprise, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for willful misconduct, gross neglect of duty, or criminal acts in the performance of his duty to the association or such other corporation, partnership, joint venture, trust, or other entity or enterprise.

12.03 To the extent that a Director, Officer, employee or agent has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 12.01 or Section 12.02, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith.

12.04 Any indemnification under Section 12.01 or Section 12.02, unless ordered by a court, shall be made by the association only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee or agent is proper in the

circumstances because he has met the applicable standard of conduct set forth in Section 12.01 or Section 12.02. Such determination shall be made:

- (1) By the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding;
- (2) If such quorum is not obtainable, or, even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion; or
- (3) By a majority of the shares entitled to vote thereon.

12.05 Expenses, including attorneys' fees, incurred in defending a civil or criminal action, suit or proceeding may be paid by the association in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Section 12.04 upon receipt of an undertaking by or on behalf of the Director, Officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the association as authorized in this Section.

12.06 The indemnification provided by this Section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any agreement, vote of Shareholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, Officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

12.07 The association shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the association, or is or was serving at the request of the association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other entity or enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the association would have the power to indemnify him against such liability under the provisions of this Section.

12.08 In order for the association to obtain and retain qualified Directors, Officers, employees and agents, the foregoing provisions shall be liberally administered in order to afford maximum indemnification of Directors, Officers, employees and agents and, accordingly, the indemnification above provided for shall be granted in all cases unless to do so would clearly contravene applicable law, controlling precedent or public policy.

ARTICLE XIII. EMERGENCY OPERATIONS

13.01 In the event of an emergency declared by the President of the United States, the Governor of this State or an official in authority of this City or the persons performing their functions, and the area in which this association is situated is declared to be a disaster area and/or, by reason of the occurrence of a disaster whereby the operations of this association cannot be immediately continued at its banking quarters or by its duly elected officers and other personnel, the following Sections of these by-laws shall be in full force and effect and shall prevail over other Sections of these Bylaws to the contrary.

13.02 Meetings and Quorums. A Valid Special Shareholders' Meeting may be held on call by the President, the Acting President, and Director of this association or by an officer of Marshall & Ilsley Corporation on three hours notice of the time and place of such meeting to each Shareholder by telegraph or telephone to the last known address of such Shareholder or in person and any Corporation action may be taken at such meeting at which the majority of the issued and outstanding shares of the association, represented in person or by proxy, shall be present. In the event of failure of communications a valid Special Shareholders' meeting may be held without call or notice by a Shareholder or Shareholders owning a majority of the issued and outstanding shares of the association represented in person or by proxy at a time and place to be determined by agreement of such Shareholders.

A valid Special Directors' Meeting may be held on call by the President, the Acting President, or any Director of this association or by any officer of Marshall & Ilsley Corporation on three hours notice of the time and place of such meeting to each Director by telegraph or telephone to the last known address of such Director or in person and three (3) or more duly elected and qualified Directors and/or "temporary" Directors shall constitute a quorum for such meeting. In the event of failure of communications a valid Special Directors' Meeting may be held without call or notice by three (3) or more duly elected and qualified Directors and/or "temporary" Directors at a time and place to be determined by agreement among them.

13.03 In the event three (3) or more members of the Board of Directors are not present at a special meeting of the Board of Directors called in accordance with Section 13.02 of this Article, not more than three (3) "temporary" Directors (who need not be Shareholders of the association) may be appointed by the Shareholders at a special meeting held in accordance with Section 13.02 of this Article. "Temporary" Directors, when so appointed, shall serve until a meeting of the Board of Directors at which time three (3) or more duly elected Directors are present and during such time shall have and shall exercise all of the powers of a duly elected Director.

13.04 Alternate Office Locations. The offices of the association at which its business shall be conducted shall be the main office located at 321 North Main Street, West Bend, Wisconsin, and any other legally authorized location which may be leased or acquired by this association to carry on its business. In the event of an emergency which would render any legally authorized location of this association unsuitable for the conduct of its business, the business ordinarily conducted at such locations shall be relocated elsewhere in suitable

quarters, in addition to or in lieu of the location heretofore mentioned, as may be designated by the Board of Directors or by such persons as are then conducting the affairs of this association in accordance with resolutions adopted from time to time by the Board of Directors dealing with the exercise of authority in the time of such emergency. The use of any temporarily relocated place of business of this association shall be discontinued and the operations of this association shall be returned to its legally authorized location as soon as possible.

ARTICLE XIV. CHANGES IN BYLAWS

14.01 These Bylaws may be amended upon vote of a majority of the entire Board of Directors at any meeting of the Board, provided ten (10) days' notice of the proposed amendment has been given to each member of the Board of Directors. No amendment may be made unless the Bylaw, as amended, is consistent with the requirements of the laws of the United States and of the Articles of Association. A certified copy of all amendments to these Bylaws shall be forwarded to the Comptroller of the Currency immediately after adoption.

EXHIBIT 6

Pursuant to the provisions of Section 321(b) of the Trust Indenture Act of 1939, M&I First National Bank hereby consents, in connection with the qualification of the Indenture dated as of January 1, 1994 of Madison Gas and Electric Company securing Secured Medium-Term Notes, Series A that reports of examination of M&I First National Bank by Federal and State authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefore.

M&I FIRST NATIONAL BANK

By: /s/ R. T. Stephenson

R. T. Stephenson, Executive Vice President

Dated: February 25, 1994

COMPTROLLER OF THE CURRENCY
ADMINISTRATOR OF NATIONAL BANKS

REPORT OF CONDITION

Consolidating domestic subsidiaries of the
M&I FIRST NATIONAL BANK OF WEST BEND
in the state of Wisconsin, at the close of business on December 31, 1993
published in response to call made by Comptroller of the Currency, under
Title 12, United States Code, Section 161.
Charter Number 11060, Comptroller of the Currency, 9 District.

Statement of Resources and Liabilities
<TABLE>

<CAPTION>

			Dollar Amounts in Thousands
<S>	<C>	<C>	
ASSETS			
Cash and balances due from depository institutions:			
Noninterest-bearing balances and currency and coin			7,361
Interest-Bearing balances			0

Securities		50,313
Federal funds sold		2,594
Securities purchased under agreements to resell		3,425
Loans and lease financing receivables:		
Loans and Leases, net of unearned income	134,140	
LESS: Allowance for loan and lease losses	1,703	
LESS: Allocated transfer risk reserve	0	
Loans and leases, net of unearned income, allowance, and reserve		132,437
Assets held in trading accounts		0
Premises and fixed assets (including capitalized leases)		2,446
Other real estate owned		10
Investments in unconsolidated subsidiaries and associated companies		0
Customers' liability to this bank on acceptances outstanding		39
Intangible assets		193
Other assets		2,356
Total assets		201,174

(FDIC 8040/54B 3/90)

Continued

 COMPTROLLER OF THE CURRENCY
 ADMINISTRATOR OF NATIONAL BANKS

M&I FIRST NATIONAL BANK
 REPORT OF CONDITION (Continued)

Dollar Amounts in Thousands

<TABLE>		
<CAPTION>		
LIABILITIES		
<S>		
Deposits:	<C>	<C>
In domestic offices		175,967
Noninterest-bearing	42,607	
Interest-bearing	133,360	
Federal funds purchased		0
Securities sold under agreements to repurchase		7,125
Demand notes issued to the U.S. Treasury		0
Other borrowed money		0
Mortgage indebtedness and obligations under capitalized leases		0
Bank's liability on acceptances executed and outstanding		39
Subordinated notes and debentures		0
Other liabilities		1,667
Total liabilities		184,798
Limited-Life preferred stock and related surplus		0
EQUITY CAPITAL		
Perpetual preferred stock and related surplus		0
Common stock		2,100
Surplus		5,808
Undivided profits and capital reserves		8,468
LESS: Net unrealized loss on marketable equity securities		0
Total equity capital		16,376
Total liabilities, limited-life preferred stock, and equity capital		201,174
</TABLE>		

I, OSCAR W. STEELE

SR. VICE PRESIDENT & CASHIER
 of the above-named bank do hereby declare that this Report
 of Condition is true and correct to the best of my knowledge
 and belief.

\s\ Oscar W. Steele

 Signature

February 25, 1994

 Date

