

# Certification of Copy

STATE OF NEVADA {  
COUNTY OF CLARK { ss.

I, PAUL E. HORN, the duly elected, qualified and acting Recorder of Clark County, in the State of Nevada, do hereby certify that the attached is a true, full and correct copy of the original Indenture of Mortgage and Deed of Trust, between Southwest Gas Corporation, Ltd. and Union Bank & Trust Co. of Los Angeles, as Trustee.

now on record in Book 121 of Official Records ss.  
Instrument No. 99919 in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office, in Las Vegas, Nevada, this Twenty-seventh day of January 1964 A.D.

PAUL E. HORN, County Recorder

By Shirley Anne Darden  
Deputy.

(SEAL)



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**SOUTHWEST GAS CORPORATION, LTD.**

**TO**

**UNION BANK & TRUST CO.  
OF LOS ANGELES,  
AS TRUSTEE**

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**Indenture of Mortgage  
and  
Deed of Trust**

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**DATED JUNE 1, 1951**

**INDENTURE**, dated June 1, 1951, between SOUTHWEST GAS CORPORATION, LTD., a corporation organized and existing under the laws of the State of California, (hereinafter called the "*Company*"), having its principal office at No. 127 East Main Street, City of Barstow, State of California, party of the first part, and UNION BANK & TRUST CO. OF LOS ANGELES, a corporation organized and existing under the laws of the State of California, and authorized to accept and execute trusts (hereinafter called the "*Trustee*"), having its principal office at No. 760 South Hill Street, Los Angeles, California, party of the second part.

WHEREAS, the *Company* has the corporate power and authority to borrow money from time to time for its corporate purposes and to issue therefor its bonds and other obligations, and to secure the prompt payment thereof by mortgage and/or pledge of its franchise rights, privileges and properties hereinafter described; and, for its corporate purposes, the *Company* has determined to make and issue its bonds to be known as its First Mortgage Bonds (herein called the "*Bonds*"), as hereinafter provided; and

WHEREAS, any of the *Bonds* may be coupon bonds payable to bearer with privilege of registration as to principal (hereinafter called "*coupon Bonds*"), or may be issued in fully registered form without interest coupons (hereinafter called "*registered Bonds without coupons*"), and may be in such denominations as shall be determined prior to the issuance thereof; and

WHEREAS, the *Bonds* are to be in one or more series, each series to be dated as of such date or dates, to bear such rate of interest, to mature at such time or times, to bear such designation, and to contain such other specifications and provisions as are hereinafter in this Indenture provided or permitted; and

WHEREAS, the *Company* under and pursuant to the power and authority aforesaid has determined to secure the prompt payment of the principal of and interest and premium, if any, on all the *Bonds* by executing and delivering to

the Trustee an indenture of mortgage and deed of trust in the terms of this Indenture, mortgaging and pledging the hereinafter described property; and

WHEREAS, the execution of this Indenture has been duly authorized by the stockholders and directors of the Company and all other things necessary to constitute this Indenture a valid mortgage and deed of trust to secure the payment of the principal of and interest and premium, if any, on all Bonds to be issued hereunder have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issue of the Bonds to be initially issued hereunder, have in all respects been duly authorized; and

WHEREAS, the initial series of Bonds created under this Indenture is to be known as "1973 Series Bonds" and is to consist of coupon Bonds which may be registered as to principal and/or registered Bonds without coupons; and

WHEREAS, the 1973 Series Bonds in coupon form, the coupons to be attached thereto, the registered Bonds without coupons of such series, and the Trustee's certificate to be endorsed on all Bonds, of whatever series, are to be substantially in the following forms, respectively:

[FORM OF COUPON BOND OF THE 1973 SERIES BONDS]

SOUTHWEST GAS CORPORATION, LTD.

FIRST MORTGAGE BOND, 4% SERIES DUE 1973

Due June 1, 1973

No. M ..... \$1,000

For value received, SOUTHWEST GAS CORPORATION, LTD., a corporation organized and existing under the laws of the State of California (hereinafter called the "Company", which term shall include any successor corporation as defined in the Indenture hereinafter referred to), hereby promises to pay to bearer, or if this Bond be registered as to principal, to the registered owner hereof on June 1, 1973, the sum of One Thousand Dollars (\$1,000) in coin

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or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest thereon from June 1, 1951, at the rate of four per cent. (4%) per annum, in like coin or currency, payable semi-annually on the first day of December and the first day of June in each year until the principal hereof shall have become due and payable, and thereafter if default be made in the payment of such principal, at the rate of six per cent. (6%) per annum until the principal hereof shall be paid. Until the date when such principal shall have become due and payable interest shall be paid only upon presentation and surrender and according to the tenor of the interest coupons hereto annexed as they severally mature. Payments of both principal and interest are to be made at the principal trust office of the Trustee in the City of Los Angeles, California, or at the option of the holder, at the office or agency of the Company in the Borough of Manhattan, The City of New York.

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount, except as provided in the Indenture hereinafter mentioned; all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the Bonds of any particular series) by an indenture of mortgage and deed of trust (hereinafter called the "Indenture"), executed by the Company to Union Bank & Trust Co. of Los Angeles, (herein called the "Trustee"), as Trustee, dated June 1, 1951, to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Bonds are and are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, said Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted. This Bond is one of the Bonds described in the Indenture and designated therein as "First Mortgage Bonds, 4% Series Due 1973" (hereinafter referred to as the "1973 Series Bonds").

As provided in the Indenture, the 1973 Series Bonds are subject to redemption prior to maturity at the option of the Company either as a whole

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at any time or in any part equal in aggregate principal amount to Fifty Thousand Dollars (\$50,000) or more in a multiple of One Thousand Dollars (\$1,000), from time to time, and in certain other cases, at the principal amount of the Bonds so to be redeemed and accrued interest to the date fixed for redemption, together with a premium equal to a percentage of the principal amount thereof determined as set forth in the following table:

*[Here insert table of redemption premiums set forth in §10.05 of the Indenture]*

As provided in the Indenture, the 1973 Series Bonds are entitled to the benefits of the Sinking Fund provided for in the Indenture and are also subject to redemption, in whole or in part, out of monies deposited with the Trustee through the operation of such Sinking Fund, but in such cases the redemption shall be effected at the principal amount of the Bonds so to be redeemed and accrued interest to the date fixed for redemption, without premium.

As provided in the Indenture, if any of the Bonds to be redeemed shall be registered Bonds without coupons or coupon Bonds which shall be registered as to principal, notice of redemption shall be mailed by registered mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to each registered holder of any Bond to be so redeemed to the last address of such holder appearing on the registry books for the Bonds, and, if any coupon Bonds are to be redeemed which shall not be registered as to principal, notice of redemption shall be published once in each week for four (4) successive calendar weeks (in each instance on any day of the week) in one newspaper, printed in the English language and customarily published and of general circulation in the Borough of Manhattan, The City of New York at least once on each day, other than holidays and Sundays, and in one newspaper printed in the English language and customarily published and of general circulation in the City of Los Angeles, California, at least once on each day, other than holidays and Sundays.

If this Bond is called for redemption and payment duly provided, this Bond shall cease to bear interest from and after the date fixed for such redemption.

To the extent permitted by and as provided in the Indenture, the rights and obligations of the Company and of the holders of said Bonds may be changed and modified with the consent of the Company and upon the written

consent of the holders of at least sixty-six and two-thirds per cent. (66 $\frac{2}{3}$ %) in principal amount of the Bonds then outstanding and entitled to consent and, in case one or more but less than all of the series of Bonds issued under the Indenture are so affected, of at least sixty-six and two-thirds per cent. (66 $\frac{2}{3}$ %) in principal amount of the Bonds then outstanding and entitled to consent of each series affected thereby, *provided* that no such change shall be made (a) which would without the consent of the holders of all Bonds then outstanding and affected thereby (i) reduce the principal of, or premium on, or the rate of interest payable on, the Bonds, (ii) postpone the maturity date fixed in the Indenture or in the Bonds or coupons for the payment of the principal of, or any installment of interest on, the Bonds, (iii) permit the creation of any lien, not otherwise permitted, prior to or on a parity with the lien of the Indenture, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change or modification, or (b) which would modify, without the written consent of the Trustee, the rights, duties or immunities of the Trustee.

In case an event of default as defined in the Indenture shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is transferable by delivery unless registered as to principal in the name of the holder on the registry books to be kept for such purpose at the aforesaid principal trust office of the Trustee, Registrar for the Bonds, such registration being noted hereon. After such registration, no transfer hereof shall be valid unless made upon said books by the registered holder in person or by the attorney of such holder duly authorized in writing and similarly noted hereon; but this Bond may be discharged from registration by being, in like manner, transferred to bearer, and thereupon transferability by delivery shall be restored, but again and from time to time this Bond may be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons hereto appertaining, which shall always continue to be payable to bearer and to be transferable by delivery.

The Company and the Trustee may deem and treat the bearer of this Bond, if it be not registered as to principal, or, if this Bond be registered as herein authorized, the person in whose name the same is registered, and the bearer of any coupon hereto appertaining, as the absolute owner and holder hereof and thereof (whether or not this Bond or such coupon shall be overdue)

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for the purpose of receiving payment hereof and thereof, and on account hereof and thereof and for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

Like aggregate principal amounts of the 1973 Series Bonds in coupon form and 1973 Series Bonds in registered form without coupons, of authorized denominations, are exchangeable and interchangeable and in the Indenture the Company has covenanted that, upon payment of charges and otherwise as provided therein, any such exchange or interchange may be made by the holder upon presentation of any Bond or Bonds for that purpose at the aforesaid office of the Trustee.

As a condition precedent to any interchange, exchange or transfer referred to above, the Company may require payment by the holder of a sum sufficient to reimburse it for any stamp tax or any other governmental charge with respect to any transfer involved therein, and an additional sum not exceeding Two Dollars (\$2) for each Bond issued upon any such interchange, exchange or transfer.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any indenture supplemental thereto, or in any Bond or coupon thereby secured, or because of any indebtedness thereby secured, shall be had against any incorporator, or against any past, present or future stockholder, officer or director, as such, of the Company or of any successor corporation, either directly or through the Company or any successor corporation 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; it being expressly agreed and understood that the Indenture, any indenture supplemental thereto and the obligations thereby secured, are solely corporate obligations, and that no personal liability whatever shall attach to, or be incurred by, such incorporators, stockholders, officers or directors, as such, of the Company or of any successor corporation, or any of them, because of the incurring of the indebtedness thereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in the Indenture or in any indenture supplemental thereto or in any of the Bonds or coupons thereby secured, or implied therefrom.

Neither this Bond nor any coupon hereto attached shall be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.



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IN WITNESS WHEREOF, SOUTHWEST GAS CORPORATION, LTD., has caused these presents to be signed in its name by its President or a Vice-President, and its corporate seal to be affixed hereto and attested by its Secretary or an Assistant Secretary, and coupons for interest, bearing the facsimile signature of its Treasurer, to be hereunto attached.

Dated, June 1, 1951.

SOUTHWEST GAS CORPORATION, LTD.

By

President

Attest:

Secretary

[FORM OF COUPON FOR 1973 SERIES BONDS]

No. M .....

\$20.00

On ..... 1, 19...., unless the bond hereinafter mentioned shall have been duly called for previous redemption and provision duly made for payment thereof, SOUTHWEST GAS CORPORATION, LTD., will pay to bearer upon surrender hereof at the principal trust office of the Trustee in the City of Los Angeles, California, or at the option of the holder at the office or agency of the Company in the Borough of Manhattan, The City of New York, Twenty Dollars (\$20.00) in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, being six months' interest then due on its First Mortgage Bond, 4% Series due June 1, 1973, bearing the above number.

Treasurer

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[FORM OF REGISTERED BOND WITHOUT COUPONS OF THE 1973 SERIES BONDS]

SOUTHWEST GAS CORPORATION, LTD.

FIRST MORTGAGE BOND, 4% SERIES DUE 1973

Due June 1, 1973

No. R

For value received, SOUTHWEST GAS CORPORATION, LTD., a corporation organized and existing under the laws of the State of California (hereinafter called the "Company", which term shall include any successor corporation as defined in the Indenture hereinafter referred to), hereby promises to pay to ..... or registered assigns, on June 1, 1973, the sum of ..... Dollars (\$.....) in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered holder hereof interest thereon from the date hereof, at the rate of four per cent. (4%) per annum, in like coin or currency, payable semi-annually on the first day of December and the first day of June in each year until the principal hereof shall have become due and payable, and thereafter if default be made in the payment of such principal, at the rate of six per cent. (6%) per annum until the principal hereof shall be paid. Payments of both principal and interest are to be made at the principal trust office of the Trustee in the City of Los Angeles, California, or, at the option of the registered holder, at the office or agency of the Company in the Borough of Manhattan, The City of New York.

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter mentioned, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the Bonds of any particular series) by an indenture of mortgage and deed of trust (hereinafter called the "Indenture") executed by the Company to Union Bank & Trust Co. of Los Angeles, (herein called the "Trustee"), as Trustee, dated June 1, 1951, to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Bonds are and

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are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, said Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted. This Bond is one of the Bonds described in the Indenture and designated therein as "First Mortgage Bonds, 4% Series Due 1973" (hereinafter referred to as the "1973 Series Bonds").

As provided in the Indenture, the 1973 Series Bonds are subject to redemption prior to maturity at the option of the Company either as a whole at any time or in any part equal in aggregate principal amount to Fifty Thousand Dollars (\$50,000) or more in a multiple of One Thousand Dollars (\$1,000), from time to time, and in certain other cases, at the principal amount of the Bonds so to be redeemed and accrued interest to the date fixed for redemption, together with a premium equal to a percentage of the principal amount thereof determined as set forth in the following table:

*(Here insert table of redemption premiums set forth in §10.05 of the Indenture)*

As provided in the Indenture, the 1973 Series Bonds are entitled to the benefits of the Sinking Fund provided for in the Indenture and are also subject to redemption, in whole or in part, out of monies deposited with the Trustee through the operation of such Sinking Fund, but in such cases the redemption shall be effected at the principal amount of the Bonds so to be redeemed and accrued interest to the date fixed for redemption, without premium.

As provided in the Indenture, if any of the Bonds to be redeemed shall be registered Bonds without coupons or coupon Bonds which shall be registered as to principal, notice of redemption shall be mailed by registered mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to each registered holder of any Bond to be so redeemed to the last address of such holder appearing on the registry books for the Bonds, and, if any coupon Bonds are to be redeemed which shall not be registered as to principal, notice of redemption shall be published once in each week for four (4) successive calendar weeks (in each instance on any day of the week) in one newspaper, printed in the English language and customarily published and of general circulation in the Borough of Manhattan, The City of New

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York at least once in each day, other than holidays and Sundays, and in one newspaper printed in the English language and customarily published and of general circulation in the City of Los Angeles, California, at least once on each day, other than holidays and Sundays.

If this Bond or any portion hereof (One Thousand Dollars [\$1,000] or a multiple thereof) is called for redemption and payment duly provided, this Bond or such portion hereof shall cease to bear interest from and after the date fixed for such redemption.

Upon any partial redemption of this Bond, at the option of the registered holder hereof, this Bond may be either (i) surrendered to the Trustee in exchange for one or more new registered Bonds without coupons, of authorized denominations, registered in the name of such holder, in an aggregate principal amount equal to the principal amount remaining unpaid upon this Bond, or (ii) submitted to the Trustee for notation hereon of the payment of the portion of the principal hereof paid upon such partial redemption.

To the extent permitted by and as provided in the Indenture, the rights and obligations of the Company and of the holders of said Bonds may be changed and modified with the consent of the Company and upon the written consent of the holders of at least sixty-six and two-thirds per cent. (66 $\frac{2}{3}$ %) in principal amount of the Bonds then outstanding and entitled to consent and, in case one or more but less than all of the series of Bonds issued under the Indenture are so affected, of at least sixty-six and two-thirds per cent. (66 $\frac{2}{3}$ %) in principal amount of the Bonds then outstanding and entitled to consent of each series affected thereby, *provided* that no such change shall be made (a) which would without the consent of the holders of all Bonds then outstanding and affected thereby (i) reduce the principal of, or premium on, or the rate of interest payable on, the Bonds (ii) postpone the maturity date fixed in the Indenture or in the Bonds or coupons for the payment of the principal of, or any installment of interest on, the Bonds, (iii) permit the creation of any lien, not otherwise permitted, prior to or on a parity with the lien of the Indenture, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change or modification, or (b) which would modify, without the written consent of the Trustee, the rights, duties or immunities of the Trustee.

In case an event of default as defined in the Indenture shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

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This Bond is a registered Bond without coupons and is transferable by the registered holder hereof in person or by the attorney of such holder, duly authorized in writing, on the registry books to be kept for the purpose at the aforesaid principal trust office of the Trustee, Registrar for the Bonds, upon surrender of this Bond accompanied by a written instrument of transfer in form approved by the Company, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof one or more new registered Bonds without coupons, of authorized denominations, for the same aggregate principal amount, will be issued to the transferee in exchange hereof, as provided in the Indenture.

The Company and the Trustee may deem and treat the person in whose name this Bond is registered on such books as the absolute owner and holder hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereof, and on account hereof and for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

Like aggregate principal amounts of the 1973 Series Bonds in coupon form and 1973 Series Bonds in registered form without coupons, of authorized denominations, are exchangeable and interchangeable and in the Indenture the Company has covenanted that, upon payment of charges and otherwise as provided therein, any such exchange or interchange may be made by the holder upon presentation of any Bond or Bonds for that purpose at the aforesaid office of the Trustee.

As a condition precedent to any interchange, exchange or transfer referred to above, the Company may require payment by the holder of a sum sufficient to reimburse it for any stamp tax or any other governmental charge with respect to any transfer involved therein, and an additional sum not exceeding Two Dollars (\$2) for each Bond issued upon any such interchange, exchange or transfer.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any indenture supplemental thereto, or in any Bond or coupon thereby secured, or because of any indebtedness thereby secured, shall be had against any incorporator, or against any past, present or future stockholder, officer or director, as such, of the Company or of any successor corporation, either directly or through the Company or any successor corporation 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; it being expressly agreed and understood that the Indenture, any indenture supplemental thereto and the obligations thereby secured, are solely corporate obligations, and that no personal liability whatever shall attach

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to, or incurred by, such incorporators, stockholders, officers or directors, as such, of the Company or of any successor corporation, or any of them, because of the incurring of the indebtedness thereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in the Indenture or in any indenture supplemental thereto or in any of the Bonds or coupons thereby secured, or implied therefrom.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, SOUTHWEST GAS CORPORATION, LTD., has caused these presents to be signed in its name by its President or a Vice-President and its corporate seal to be affixed hereto and attested by its Secretary or an Assistant Secretary.

Dated,

SOUTHWEST GAS CORPORATION, LTD.

By.....  
*President*

Attest:

.....  
*Secretary*

[ TRUSTEE'S CERTIFICATE TO BE ENDORSED ON ALL BONDS ]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds, of the series designated herein, described in the within-mentioned Indenture.

UNION BANK & TRUST CO.  
OF LOS ANGELES,  
Trustee

By.....  
*Authorized Officer.*

AND WHEREAS, all Bonds of other series which may be issued under this Indenture are to be in substantially the same form as the 1973 Series Bonds,

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subject to such variations, additions, omissions and substitutions as are provided for or permitted by the terms of this Indenture;

**NOW, THEREFORE, THIS INDENTURE WITNESSETH:**

That to secure the payment of the principal of and interest and premium, if any, on such Bonds as may at any time be issued and outstanding under this Indenture, according to their tenor and effect, and the due performance of the covenants, agreements and provisions herein and in the Bonds contained, and to declare the terms and conditions upon which Bonds are to be issued, the Company, party of the first part, in consideration of the premises and of the purchase and acceptance of said Bonds by the holders thereof, and of the sum of One Dollar lawful money of the United States of America to it duly paid by the Trustee at or before the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, has executed and delivered these presents and has granted, bargained, sold, warranted, aliened, remised, released, conveyed, confirmed, assigned, transferred, mortgaged, pledged and set over, and by these presents does grant, bargain, sell, warrant, alien, remise, release, convey, confirm, assign, transfer, mortgage, pledge and set over, unto the Trustee, party of the second part, and to its successors in the trust hereby created and assigns forever, all of the property, real, personal and mixed, now owned by the Company, situated in SAN BERNARDINO COUNTY, in the STATE OF CALIFORNIA, or elsewhere (except the property expressly excepted from the lien hereof) and also all of the property, real, personal and mixed, hereafter acquired by the Company wherever situate (except the property hereinafter expressly excepted from the lien hereof); including both as to property now owned and property hereafter acquired (without in any wise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Indenture):

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All pipe lines of the Company, located in the State of California, including all transmission lines and lateral lines, together with all easements and rights of way for constructing, maintaining, replacing and operating the same, and all pipes, structures, valves, regulators, meters, machinery, fixtures, equipment and apparatus comprising or appurtenant to said transmission lines and lateral lines, including the following (without in any wise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in the Indenture):

#### BARSTOW -- NEBO LINE

Centerline location of 4½" O.D. gas pipeline lying in Sections 7, 8, 9, 10 and 18; Township 9 North, Range 1 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, described as follows:

Commencing at North ¼ Corner of Section 18, thence Easterly along North line of Section 18, 437.0' to point of beginning, thence North 0°08'10" East, 39.60' to the beginning of a curve concave easterly and having a radius of 2100'; thence Southerly along said curve 641.41'; thence South 17°21'50" East, 722' to the Southerly terminus of this line. Also, commencing at South ¼ corner Section 7; thence Easterly along South line of Section 7, 437.0' to point of beginning; thence North 0°08'10" East to a point, said point being 8' South of the North line of Section 7, and 388' Easterly from North and South centerline of Section 7, thence Easterly, parallel to and distant 8' South of the North line of Section 7 to the East line of Section 7; thence continuing Easterly, parallel to and distant 8' South of North line of Section 8 to a point 8' Easterly and 8' Southerly of the Northwest corner of Northeast ¼ of Northeast ¼ of Section 8; thence Southerly parallel to and distant 8' East of West line of said Northeast ¼ of Northeast ¼ to a point 8' Easterly and 8' Northerly of the Southwest corner of Northeast ¼ of Northeast ¼; thence Easterly, parallel to and distant 8' North of South line of Northeast ¼ of Northeast ¼ to a point, said point being 190' West of the East line of Section 8; thence Southeast 240', more or less, to a point on East line of Section 8, said point being Southerly 1516.85' from the Northeast corner of Section 8, thence bearing South 63°58' East from the West line of Section 9,



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762.02'; thence bearing Right 27° 27', 510' more or less to a point 8' West of West line of Tract 2876 as recorded in Book 39 of Maps at page 74, records of San Bernardino County; thence Southerly, parallel to and distant 8' West of West line Tract 2876, as aforementioned, 223'; thence Southeasterly, parallel to and distant 5724' from the Southerly line of Tract 2876 and its Southeasterly prolongation, to a point 8' East of the North and South centerline of Section 10; thence Northerly and parallel to said North and South centerline of Section 10, 230', more or less, to a point, said point being 22.0' Southwesterly and normal to the South R/W line of U. S. Highway No. 66, said R/W being 80' in width; thence Southeasterly and parallel to said South R/W line of U. S. Highway No. 66, to the intersection with the East line of Section 10, said point being the most easterly terminus of this line.

#### HAWES—VICTORVILLE LINE

Beginning at a point 1500' South and 2400' West of the Northeast corner of Section 25, Township 10 North, Range 5 West, San Bernardino Base and Meridian, thence Southeasterly to a point lying on the East line and 100' North of the South line, of said Section 25; thence continuing Southeasterly to a point on the "Harper Lake Road" said road lying along and 200 feet West of the East line of Section 31, Township 10 North, Range 4 West, San Bernardino Base and Meridian, thence Southerly 50,160 feet more or less along the Easterly right of way of Harper Lake Road to the East West centerline of Section 19, Township 8 North, Range 4 West, San Bernardino Base and Meridian; thence Westerly to the West ¼ corner of said Section 19; thence Southerly to the Southwest corner of Section 31, Township 8 North, Range 4 West, San Bernardino Base and Meridian; thence Southwesterly to a point lying on the West line, and 1000' South of the North line, of Section 12, Township 7 North, Range 5 West, San Bernardino Base and Meridian; thence Southerly 51,800' more or less to a point 100' North of the Southwest corner of Section 25, Township 6 North, Range 5 West, San Bernardino Base and Meridian; thence Easterly along the county road to U. S. Highway No. 66; thence Southeasterly along the Westerly Right of Way of said U. S. Highway No. 66 to the centerline of First Street in the Town of Victor as recorded in Map Book 9 at Page 35, records of San Bernardino County, State of California, to the terminus of this Right of Way;

All gas distribution and gas transmission systems of the Company, all buildings, erections, structures, generating and purifying apparatus, holders, engines, boilers, beaches, retorts, tanks, pipe lines, connections, service pipes,

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meters, regulators, conduits, tools, instruments, appliances, apparatus, facilities, machinery, fixtures, and all other property used or provided for use in the construction, maintenance, repair or operation of such distribution and transmission systems, together with all the certificates, rights, privileges, rights-of-way, franchises, licenses, easements, grants, liberties, immunities, permits of the Company, howsoever conferred or acquired, under, over, or upon any private property or any public streets or highways within as well as without the corporate limits of any municipal corporation. Without limiting the generality of the foregoing there are expressly included the gas distribution and gas transmission systems in the County of San Bernardino, more specifically described as follows:

The distribution and transmission systems in Township 9 N. Range 1 W., Township 9 N. Range 2 W., Township 10 N. Range 1 W., and Township 10 N. Range 2 W. San Bernardino base and meridian, all in the County of San Bernardino; and the transmission and distribution systems in Townships 5, 6, 7, 8, 9 and 10 N. Range 4 W. Townships 5, 6, 7, 8, 9 and 10 N. Range 5 W. San Bernardino base and meridian, all in the County of San Bernardino, California.

All gas generating plants, gas storage plants and gas manufacturing plants of the Company, all the buildings, erections, structures, generating and purifying apparatus, holders, engines, boilers, benches, retorts, tanks, instruments, appliances, apparatus, facilities, machinery, fixtures, and all other property used or provided for use in the generation, manufacturing and purifying of gas, together with the land on which the same are situated, and all other lands and easements, rights-of-way, permits, privileges, and sites forming a part of such plants or any of them or occupied, enjoyed or used in connection therewith.

## II

### FRANCHISES

All and singular, the franchises, grants, permits, immunities, privileges, and rights of the Company owned and held by it at the date of the execution hereof or hereafter acquired for the construction, maintenance, and operation of the gas plants and systems now owned or hereafter acquired by the

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Company, as well as all certificates, franchises, grants, permits, immunities, privileges, and rights of the Company used or useful in the operation of the property now or hereafter mortgaged hereunder, including all and singular the franchises, grants, immunities, privileges, and rights of the Company granted by the governing authorities of any cities and towns, or other municipalities or political subdivisions, and all renewals, extensions and modifications of said certificates, franchises, grants, permits, privileges, and rights.

## III

## CONTRACTS

All contracts relating to the purchase of natural gas by the Company.

## IV

## CASH

Four Hundred Thousand Dollars (\$400,000) in cash, which has been deposited with the Trustee and is to be held by the Trustee, as Trust Moneys constituting part of the Trust Estate, subject to withdrawal or application only as provided in § 11.11 or § 11.13.

## V

## FURTHER PROPERTY CONVEYED TO TRUSTEE

All property, including Excepted Property, which may from time to time after the date of this Indenture be delivered, or which may by writing of any kind be conveyed, pledged, assigned or transferred, to the Trustee by the Company or by any person or corporation to be held as part of the Trust Estate, as hereinafter defined; and the Trustee is hereby authorized to receive any such property, and any such conveyance, pledge, assignment or transfer, as and for additional security hereunder, and to hold and apply any and all such property subject to and in accordance with the terms of this Indenture.

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## VI

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

## VII

## EXCEPTED PROPERTY

It is not intended to include in the lien hereof and this grant shall not be deemed to apply to (1) any cash, or any bills, notes or accounts receivable, contracts or choses in action (except cash deposited with the Trustee pursuant to any of the provisions of this Indenture and except any bills, notes or accounts receivable, contracts or choses in action specifically subjected or required to be subjected to the lien hereof), or (2) any bonds, notes, evidences of indebtedness, shares of stock or other securities, except such as are or may be specifically subjected or required to be subjected to the lien hereof, or (3) any automobiles or trucks, or (4) any gas or by-products thereof, materials, supplies, merchandise, goods and appliances held for the purpose of sale in the ordinary course of business, and all fuel, materials, supplies, and similar personal property which is consumable in its use in the operation of the plants or systems of the Company (property of the character described in the foregoing Clauses (1), (2), (3) and (4) being herein sometimes called "Excepted Property"); provided, however, that if an Event of Default shall happen and be continuing and if thereafter the Trustee or a receiver or trustee shall enter upon and take possession of the mortgaged property, such Trustee or receiver or trustee may, to the extent not prohibited by law, take possession of any and all of the Excepted Property then on hand and use and administer and consume the same to continue the operations of the mortgaged property in all respects as if such Excepted Property were part of the mortgaged property, accounting therefor,

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if required by law, to such persons, if any, as may be lawfully entitled to such an accounting.

TO HAVE AND TO HOLD the property and franchises hereby conveyed and assigned, or intended so to be, unto the Trustee and its successors in the trust forever;

Subject, however, as to property hereby conveyed, to Permitted Encumbrances, as hereinafter defined;

BUT IN TRUST NEVERTHELESS, under and subject to the terms and conditions hereinafter set forth, for the equal pro rata benefit and security of each and every the persons who may be or become the holders of the Bonds and coupons hereby secured, without preference, priority or distinction as to lien or otherwise of one Bond or coupon over or from the others by reason of priority in the issue or negotiation thereof, or by reason of the date of maturity thereof, or otherwise (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions hereof, may afford additional security for the Bonds of any particular series and except as provided in §12.01), and for securing the observance and performance of all the terms, provisions and conditions of this Indenture.

UPON CONDITION that, if the Company, its successors and assigns, shall pay or cause to be paid the principal of and interest and premium, if any, on said Bonds or shall provide as permitted hereby for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon for principal, interest and premium, if any, and shall comply with the provisions of Article XVI, and if the Company shall also pay or cause to be paid all other sums payable hereunder by it, and shall strictly observe and perform all of the terms, provisions and conditions of this Indenture, then this Indenture and the estate and rights hereby granted shall cease, determine and be void, otherwise to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, that the Company has agreed and covenanted, and hereby does agree and covenant with the Trustee and its successors and assigns and with the respective holders from time to time of the Bonds and coupons, or any thereof, as follows:

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## ARTICLE I.

## DEFINITIONS AND CONSTRUCTIONS.

The following definitions shall, unless otherwise clearly indicated by the context, apply for all purposes of this Indenture and of all certificates delivered pursuant to this Indenture:

§ 1.01. "Bond" shall mean one of the bonds issued hereunder. "1973 Series Bond" shall mean one of the First Mortgage Bonds, 4% Series Due 1973, issued hereunder. Bonds shall be deemed to have been "issued" hereunder when duly authenticated by the Trustee and delivered to or upon the order of the Company pursuant to any of the provisions of this Indenture. "Bondholder" or "holder of Bonds" or any similar terms shall mean, as to any unregistered Bond, the bearer thereof and, as to any coupon Bond registered as to principal or registered Bond without coupons, the person in whose name the same is registered.

Any reference to the holders of a particular percentage or proportion of the Bonds, or to the holders of a particular percentage or proportion of the Bonds of a particular series, shall mean the holders at the time in question of the specified percentage or proportion in aggregate principal amount of all the Bonds then outstanding under this Indenture, or of all the Bonds of such particular series then outstanding under this Indenture, as the case may be, excluding Bonds owned by or for the account or benefit of the Company or an Affiliate of the Company; *provided* that for the purpose of determining whether the Trustee shall be protected in relying on any direction, consent or waiver by the holders of Bonds, only Bonds which the Trustee knows are so owned shall be excluded.

"Company" shall mean the party of the first part hereto, SOUTHWEST GAS CORPORATION, LTD., and shall also include its successors and assigns, *provided* that no successor or assign which shall become such otherwise than in accordance with the provisions of § 14.03A shall be entitled to procure the authentication and delivery of Bonds hereunder.

"*Subsidiary*" of the Company shall mean any corporation more than fifty per cent. (50%) of the issued and outstanding stock of which having ordinary voting power (other than stock which has acquired such power only by reason of the happening of a contingency) shall at the time be directly or indirectly through one or more intermediaries owned or controlled by the Company.

"*Affiliate*" shall mean a person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company or any other person who is liable on the Bonds. The term "*control*" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an individual, firm, corporation or other legal entity, whether through the ownership of voting securities, by contract or otherwise.

"*person*" shall mean an individual, a corporation, a partnership, a trust or unincorporated organization, a joint stock company or other similar organization, a government (including, without limitation, the United States of America) or political subdivision thereof, or any other legal entity.

"*Indenture*" shall mean this indenture of mortgage, either as originally executed or as the same may from time to time be supplemented, modified or amended.

"*lien hereof*" and "*lien of this Indenture*" shall mean the lien created by these presents (including the lien created by the granting clauses hereof on properties hereafter acquired) and the lien created by any subsequent conveyance or delivery to the Trustee (by whomever made) effectively constituting any property a part of the security held by the Trustee upon the terms and trusts and subject to the conditions specified in this Indenture.

"*Trust Estate*", "*mortgaged premises*" and "*mortgaged property*" shall mean as of any particular time the property which at said time is subject to the lien of this Indenture.

"*outstanding*", when used as of any particular time with reference to Bonds, shall mean all the Bonds which theretofore shall have been issued under this Indenture, except:

(a) Bonds theretofore cancelled or surrendered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which money in the necessary amount shall have been deposited with the Trustee, whether upon or prior to the maturity or the redemption date of such Bonds, *provided* that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given, as provided herein, or provision satisfactory to the Trustee shall have been made therefor;

(c) Bonds in lieu of and in substitution for which other Bonds shall have been authenticated and delivered pursuant to the terms of § 2.10; and

(d) Bonds deposited with or held by the Trustee under any of the provisions of this Indenture, including any so held under any Sinking Fund or other similar fund.

"*Trustee*" shall mean UNION BANK & TRUST CO. OF LOS ANGELES, the party of the second part, or its successor for the time being in the trust hereunder.

"*responsible officer or officers*" of the Trustee shall mean the chairman and vice-chairman of the board of directors and the executive committee, the president, any vice-president, any trust officer, any assistant vice-president, the secretary, the treasurer, the cashier, and every officer and assistant officer of the Trustee customarily performing functions similar to those performed by the foregoing individuals or to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject.

"*Authorized Newspaper*", when used with reference to a particular municipality or county, shall mean a newspaper printed in the English language and customarily published and of general circulation in such municipality or county at least once on each day, other than holidays and Sundays, in each calendar week, unless no such newspaper shall be published once on



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each day in such municipality or county, in which case such a newspaper published at least once in each week in such municipality or county may be substituted.

§ 1.02. "*Application of the Company*", "*Written Order of the Company*", "*Written Request of the Company*", "*Written Consent of the Company*" and "*Certificate of the Company*" shall mean, respectively, an application, order, request, consent or certificate signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Company.

"*Resolution*" and "*Resolution of the Board*" shall mean a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors of the Company.

§ 1.03. "*Counsel*" shall mean a person or firm of persons engaged in the independent practice of law, acceptable to the Trustee, who may but need not be a person or persons regularly retained by the Company or by an Affiliate.

"*Engineer*" shall mean an individual, a copartnership or a corporation engaged in the engineering profession, who shall be selected by the Company and approved by the Trustee in the exercise of reasonable care (unless specifically required to be selected by the Trustee, in which case the Trustee shall make such selection in the exercise of reasonable care), and who may be but need not be an officer or employee of the Company or of an Affiliate, unless specifically required to be an Independent Engineer.

"*Independent*", when applied to any Engineer or other person signing any other certificate or report, shall mean such a person who (1) is in fact independent, (2) does not have any substantial interest, direct or indirect, in the Company or in any Affiliate and (3) is not connected with the Company or any Affiliate of the Company, as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

§ 1.04. "Property Additions" shall mean and comprise only tangible property of a permanent nature (including easements and rights-of-way and permanent tangible betterments, improvements and additions of, upon and to the property of the Company, and equipment and appliances installed as a part of the operating property of the Company), located in the State of California, used by or useful to the Company in the business (herein called the "Gas Business"), of purchasing, transmitting, distributing, selling and/or supplying natural gas and any by-products thereof (such properties being herein sometimes referred to as "Gas Properties"), acquired by the Company subsequent to the date of execution hereof, by purchase, consolidation, merger, construction or in any other way, and the term "Property Additions" shall include but not be limited to the following:

(1) Permanent improvements, betterments and additions of the character above described in process of construction or partially completed construction work, insofar as actually constructed or erected subsequent to such date.

(2) Property of the character above described constructed or acquired to replace an item of property whose retirement has been credited to plant account.

(3) Paving, grading and other improvements to public highways, streets and alleys and other public lands required for or in connection with the installation or repair of overhead, surface or underground facilities of the Company and paid for by the Company (notwithstanding the fact that title thereto may not be in the Company).

"Property Additions" shall not include

(a) any Excepted Property, or

(b) any property acquired or constructed by the Company the cost of which may not under sound accounting practice properly be capitalized, or

(c) any property subject to a lien or encumbrance other than Permitted Encumbrances, or

(d) Natural gas wells and leases, or natural gas production property, or gathering lines.

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§ 1.05. "*Net Amount of Property Additions*", when used with reference to Property Additions included in any particular Certificate of the Company, shall mean the amount obtained by deducting from the Cost or Fair Value (whichever is less) of all such Property Additions (herein called the "*Gross Amount of Property Additions*") an amount equal to the cost basis of all Retirements not theretofore reflected in a Certificate filed with the Trustee pursuant to § 5.10B, § 6.03 or § 11.11, after deducting therefrom Retirements Credits, if any, to the extent that the same have not previously been used as a Retirements Credit.

The "*Cost*" of Property Additions shall be determined in compliance with § 1.12.

The "*Fair Value*" of Property Additions shall mean the fair value thereof to the Company as certified in the relevant Certificates delivered hereunder with respect thereto.

§ 1.06. "*Retirements*" shall mean:

- (a) All Funded Property which shall have been released from the lien hereof,
- (b) All Funded Property which shall have been worn out, retired or abandoned or which has otherwise permanently ceased to be used or useful in the Gas Business of the Company, and
- (c) All Funded Property which has been destroyed.

"*cost basis*", when used with reference to Retirements, shall mean, as to any property owned by the Company on June 1, 1951, the amount at which the same was carried on the books of the Company at such date, after deducting therefrom applicable reserves for depreciation and/or for retirements as of that date, and as to any property acquired subsequent to such date, the cost thereof.

§ 1.07. "*Retirements Credits*" shall mean the following credits, which may be applied against Retirements:

- (a) The amount of cash and/or other consideration received by the Trustee in connection with the release of any Funded Property,

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(b) The amount of insurance monies paid to the Trustee pursuant to the provisions of § 8.08 on account of the destruction of any Funded Property,

(c) The amount of cash paid to the Trustee pursuant to the provisions of § 9.06B,

(d) The Gross Amount of Property Additions credited upon the Renewal and Replacement Obligation pursuant to § 9.06C, and

(e) The principal amount of the Bonds deposited under § 9.06D and credited upon the Renewal and Replacement Obligation,

but in each case only to the extent that the same have not previously been used as a Retirements Credit.

§ 1.08. "*Funded Property*" shall mean

(a) All property owned by the Company on the date of the execution hereof.

(b) All Property Additions which shall have been included in a Certificate of the Company in respect of the authentication and delivery of additional Bonds under this Indenture.

(c) All Property Additions which shall have been included in a Certificate of the Company in respect of the withdrawal of any Funded Cash held by the Trustee hereunder.

(d) All Property Additions which shall have been included in a Property Additions Certificate delivered to the Trustee to meet the requirements of § 9.06 and all Property Additions which have been included in any Certificate of the Company delivered to the Trustee to meet the requirements of any sinking fund, amortization, improvement, renewal or other analogous fund, if any, which may hereafter be created permitting the satisfaction thereof by the use of Property Additions.

(e) All Property Additions to the extent that the same shall have been substituted for Funded Property in the exercise by the Company of any right which it may have to apply the proceeds

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of insurance (or of property sold or otherwise disposed of in accordance with the provisions of § 11.01) to the acquisition of such substituted property without depositing such proceeds with the Trustee.

(f) All property constituting repairs of Funded Property.

(g) All property constituting renewals or replacements of Funded Property to the extent that the cost thereof under sound accounting practice should properly be reflected as a current operating expense.

(h) All property acquired in connection with the Initial Construction Program referred to in § 11.11.

If any Funded Property owned by the Company shall be released from the lien hereof as herein provided, the property so released shall cease to be Funded Property, but may at any time thereafter again become Funded Property through the operation of this § 1.08.

"Funded Cash" shall mean:

(a) Cash (held by the Trustee hereunder or by the trustee or other holder of any mortgage or other lien constituting a prior lien) to the extent that it represents the proceeds of the release of Funded Property or the proceeds of insurance of or the taking by eminent domain of Funded Property, or the proceeds of Funded Property purchased by any governmental body or agency upon exercise of any right which it may have to purchase the same or the proceeds of the release or payment of obligations delivered to the Trustee pursuant to § 11.02.

(b) Any cash deposited with the Trustee under § 6.01B.

(c) Any cash deposited with the Trustee under Article IX and any cash deposited with the Trustee to meet the requirements of any sinking fund, amortization, improvement, renewal or other analogous fund, if any, which may hereafter be created.

(d) Cash deposited with the Trustee pursuant to Granting Clause IV.

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§ 1.09. Whenever the Company is required to state in any Certificate of the Company delivered hereunder that Property Additions or Bonds have not theretofore *"been used for any purpose of this Indenture"* such phrase shall mean (i) (when used with reference to Property Additions) that the Property Additions in question have not, in any other previous or then pending application, become Funded Property or been made the basis for the withdrawal of any cash (whether or not Funded Cash) from the Trustee or from the trustee or other holder of a prior lien or for any credit in lieu of cash under any provision of this Indenture and that no part of said Property Additions includes any property acquired or constructed to replace property (whether or not Funded Property) disposed of pursuant to § 11.01 (b) or to repair, replace or restore insured property (whether or not Funded Property) the proceeds of the insurance on which shall not have been required to be paid to the Trustee pursuant to the provisions of § 8.08 and that no part of said Property Additions have been included in a Property Additions Certificate delivered to the Trustee to meet the requirements of § 9.06 or to meet the requirements of any sinking fund, amortization, improvement, renewal or other analogous fund, if any, which may hereafter be created permitting the satisfaction thereof by the use of Property Additions; and (ii) (when used with reference to Bonds) that the Bonds in question have not, in any other previous or then pending application, been made the basis for the withdrawal of any cash (whether or not Funded Cash) from the Trustee or from a trustee or other holder of a prior lien and have not been redeemed or paid through the application of cash (whether or not Funded Cash) by the Trustee or the trustee or other holder of a prior lien, and that such Bonds have not been retired through the operations of the Sinking Fund for the 1973 Series Bonds or delivered to the Trustee in satisfaction of the obligation of the Company in respect of the Sinking Fund for the 1973 Series Bonds, or of any provisions for an amortization, improvement, renewal, sinking, or other analogous fund contained in any indenture supplemental hereto, and have not been cancelled upon the issuance of other Bonds in exchange or substitution therefor, and have not been

made the basis of any application pursuant to Article VII, and have not been delivered to the Trustee to meet the requirements of § 9.06.

The fact that property has theretofore become subject to the lien of this Indenture, or is required so to be, shall not be deemed to mean that the same has theretofore "been used for any purpose of this Indenture" within the meaning of this § 1.09.

§ 1.10. "*Net Earnings*" of the Company for any period shall be determined by deducting from the amount of its gross revenues for such period, all operating expenses and other proper deductions from income for such period, including (without in any respect limiting the generality of the foregoing) interest on all outstanding indebtedness, amortization of debt discount and expense, amortization of all other deferred items properly subject to amortization, provisions for all taxes, including income taxes, provisions for all contingency reserves, whether general or special, provisions for depletion, if any, and provisions for depreciation and obsolescence in amounts not less than those actually deducted on the books of the Company, and not less than the amount certified pursuant to § 9.06A as the Renewal and Replacement Obligation, *provided, however, that*

(a) Profits realized or losses incurred upon the sale or other disposition of capital assets shall be excluded.

(b) Net Earnings shall not reflect as earnings or as a deduction from earnings any adjustment made during such period (whether made through surplus or income accounts) properly attributable to operations prior to December 31, 1950, or mere reversals of reserves existing on December 31, 1950.

(c) Net Earnings shall not reflect any write-down or write-off (either by one direct charge or by amortization over a period) of the excess of cost of properties to the Company or its predecessors over the original cost of such properties when first devoted to public use or any write-up of any deficiency of such cost over the original cost thereof.

§ 1.11. "*Net Earnings Available for Interest*" of the Company for any period shall be determined by adding to the Net Earnings of the

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Company for such period (but only to the extent that the same were deducted in computing such Net Earnings) (i) all interest charges for such period, (ii) all amortization of debt discount and expense for such period, and (iii) all income taxes, excess profits taxes or other like taxes imposed on, or measured by, income determined after deduction of interest charged for such period, and by deducting from such Net Earnings of the Company for such period the amount, if any, by which net non-operating revenues of the Company for such period exceeds ten per cent. (10%) of the gross operating revenues of the Company for such period.

If at the time of any such computation any property of the Company is subject to any lien or other encumbrance (other than Permitted Encumbrances) prior to the lien hereof, securing indebtedness in excess of Fifty Thousand Dollars (\$50,000), the net earnings of such property, estimated if necessary, shall be excluded in making the foregoing computation of Net Earnings Available for Interest.

In case the Company shall have acquired any property which is subject to the lien of this Indenture within or after the period for which Net Earnings Available for Interest is calculated, the Company, in computing the same, shall be entitled to include the net earnings of such property for the whole of such period, to the extent that the same may not have been otherwise included and might have been included if such property had been owned by the Company during the whole of such period. The net earnings of any property so acquired for the period preceding such acquisition shall be ascertained and computed as if such property had been owned by the Company during such period.

If any Retirements having an aggregate cost basis in excess of Fifty Thousand Dollars (\$50,000), the earnings of which can be separately determined under the bookkeeping practice of the Company, shall have occurred within or after the period for which the calculation of net earnings is made and before the authentication and delivery of the Bonds in respect to which the Net Earnings Available for Interest have been computed, the Net Earnings Available for Interest for such period shall exclude the net earnings, estimated if necessary, of such Retirements.



"Interest Charges on the Secured Bonded Debt" shall have the meaning specified in § 5.01 B(13).

§ 1.12. Subject to the provisions of § 1.04, § 1.10 and § 1.11, all determinations of costs of Property Additions or of earnings pursuant to this Indenture shall be made and all financial statements to be delivered hereunder shall be prepared in accordance with the practice lawfully prescribed by the Public Utilities Commission of the State of California, or other regulatory authority having jurisdiction over the Company or other lawfully prescribed practice and, in the absence of any practice so prescribed, in accordance with sound accounting practice.

§ 1.13. "Stock Payments" shall have the meaning specified in § 8.13. "Amount" when used with reference to a Stock Payment shall mean the amount of cash paid, and the greater of net book value or fair market value at the time of distribution of property distributed, in respect of such Stock Payment.

§ 1.14. "Permitted Encumbrances" shall mean as of any particular time any of the following:

(1) Liens for taxes, assessments, or governmental charges for the then current year or which are not yet delinquent.

(2) Liens for taxes, assessments or governmental charges already due, but the validity of which is being contested at the time in good faith as provided in § 8.05.

(3) Liens and charges incidental to current operation or construction during the six months next preceding such time, which have not been filed or asserted.

(4) Liens, securing obligations neither assumed by the Company nor on account of which it customarily pays interest, existing, either at the date of execution hereof, or, as to property thereafter acquired, at the time of acquisition by the Company, upon real estate or rights in or relating to real estate acquired by the Company for transmission line, distribution line, or right of way purposes.

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(5) Liens for workmen's compensation awards not due or delinquent.

(6) Rights reserved to or vested in any municipality or other public authority to purchase or acquire any properties of the Company.

(7) Liens or other encumbrances as to which cash sufficient to pay or redeem all indebtedness secured thereby shall be held in trust for such purpose by the Trustee.

(8) Zoning laws and ordinances, easements, restrictions and similar encumbrances and minor defects or irregularities of title which do not impair the use of the property in the operation of the business. In determining, for the purpose of any opinion to be delivered hereunder, whether any such defect, irregularity, law or ordinance, or easement, restriction or similar encumbrance impairs the use of the property subject thereto in the operation of the business of the Company, counsel giving such opinion may rely on a Certificate of an Engineer.

(9) The lien of this Indenture.

(10) Liens junior to this Indenture.

§ 1.15. Wherever in this Indenture, in connection with any application or certificate or report to the Trustee hereunder, it is provided that the Company shall deliver certificates, opinions, reports and/or other documents as a condition of the granting of such application, or as evidence of compliance with any condition or covenants herein contained, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such documents shall in each and every such case be conditions precedent to the right of the Company to have such application granted or to the effectiveness of such certificate or report. Nevertheless, upon any such application, certificate or report, the documents required by any of the provisions of this Indenture to be delivered to the Trustee as a condition of the granting of such application, or as evidence of such compliance, may, subject to the provisions of § 15.01, be received by the Trustee as conclusive evidence of any statement therein contained,

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and shall be full warrant, authority and protection, to the Trustee acting on the faith thereof. Before granting any such application, or accepting such evidence of compliance, the Trustee in its discretion may make such independent inquiry or investigation as to it may seem proper into the truth and accuracy of the matters evidenced by any such document. If the Trustee shall determine to make such further inquiry, it shall be entitled to examine the books, records and premises of the Company, either itself or by agent or attorney, and unless satisfied, with or without such examination, of the truth and accuracy of the matters stated in such documents, it shall be under no obligation to grant the application or to accept such evidence of compliance. The reasonable expenses of such examination or other inquiry shall be paid by the Company, or if paid by the Trustee shall be repaid by the Company, upon demand, with interest at the rate of six per cent. (6%) per annum, and, until such repayment shall be secured under this Indenture, in priority to the Bonds and coupons.

§ 1.16. All references herein to "Articles" and other subdivisions are to the corresponding Articles or other subdivisions of this Indenture; references by the symbol "§" are to corresponding Sections of this Indenture; and the words "herein," "hereof," "hereby," "hereunder," "hereinbefore" and "hereinafter" and other words of similar purport refer to this Indenture generally and not to any particular Article, Section or other subdivision hereof. References to any Section by number and one or more other letters or numbers refer to that clause, paragraph or subdivision of said Section so lettered or numbered and not to said Section as a whole.

## ARTICLE II.

### FORM, EXECUTION, DELIVERY, REGISTRATION AND EXCHANGE OF BONDS.

§ 2.01. All Bonds to be secured hereby shall be signed by the President or a Vice-President of the Company, and the corporate seal of the Company

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shall be thereto affixed and attested by its Secretary or an Assistant Secretary. The corporate seal of the Company may be affixed to any Bond by printing, engraving, lithographing, stamping or otherwise, placing or affixing upon such Bond, by any process whatever, an impression, facsimile or other reproduction of such corporate seal. In case any officer who shall sign or seal any Bond as aforesaid shall cease to be such officer before the Bond so signed or sealed shall have been actually authenticated and delivered by the Trustee, such Bond may, nevertheless, upon the request of the Company, be issued, authenticated and delivered as though such person had not ceased to be an officer of the Company. Any Bond secured hereby may be signed or sealed by any person who may be an officer of the Company at the time of such signing or sealing, although such person may not have been such officer at the date of such Bond.

§ 2.02. The 1973 Series Bonds in coupon form shall be numbered from M1 upward. Any other and further Bond which may be authenticated under this Indenture shall be numbered in such manner as may be determined by the Company and approved by the Trustee. Any such Bond may bear such additional letter or letters and/or other designation or designations and may contain therein or have imprinted thereon such legend or legends as may be required in order to comply with any law or with any rules or regulations made pursuant thereto or with the rules and regulations of any stock exchange or of the Securities and Exchange Commission or to conform to usage.

§ 2.03. The coupons to be attached to coupon Bonds shall be authenticated by the facsimile signature of the present Treasurer or any future Treasurer of the Company, it being intended that the Company may adopt and use for that purpose the facsimile signature of any such Treasurer notwithstanding that he may have ceased to be the Treasurer of the Company at the time when said Bonds shall be authenticated and delivered.

§ 2.04. All Bonds, when executed by the Company, shall be delivered to the Trustee, to be authenticated by it, and the Trustee shall authenticate

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and deliver the same only as provided in this Indenture. Only such Bonds as shall bear thereon the certificate of the Trustee, duly signed, shall be secured by this Indenture or entitled to any lien or benefit hereunder, and such certificate of the Trustee upon any such Bond executed on behalf of the Company shall be conclusive evidence and the only evidence that the Bond so authenticated has been duly issued hereunder and is entitled to the benefits of the trust hereby created.

§ 2.05. At the option of the Company the Bonds may be issued in one or more series.

The 1973 Series Bonds may be issued as coupon Bonds registrable as to principal, in the denomination of \$1,000 and/or as registered Bonds without coupons in denominations of \$1,000 and any multiple of \$1,000 authorized by the Company. The execution by the Company of any Bond in any such denomination shall be conclusive evidence of the authorization thereof. The 1973 Series Bonds shall mature on June 1, 1973; and shall bear interest at the rate of four per cent. (4%) per annum, payable semi-annually on December 1 and June 1 of each year until the principal thereof shall have become due and payable and thereafter if default be made in the payment of such principal, at the rate of six per cent. (6%) per annum until the principal thereof shall be paid. Both the principal of and interest on the 1973 Series Bonds shall be payable at the principal trust office of the Trustee in the City of Los Angeles, California, or, at the option of the holder, at the office or agency of the Company in the Borough of Manhattan, The City of New York, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

The Bonds and coupons of any other series which may be issued hereunder shall be substantially in the same forms as the forms hereinbefore set forth with respect to the 1973 Series Bonds, subject to such variations, additions, substitutions and omissions as are required or permitted by this Indenture. The certificate of the Trustee for the authentication of Bonds shall in each case be substantially in the same form as the form thereof hereinbefore set forth. The Bonds of any series other than the 1973 Series

Bonds may (1) be of such denomination or denominations, (2) bear such rate of interest, payable on such interest payment dates, (3) mature at such time, and in the case of Bonds of serial maturities, at such times, (4) be registered Bonds without coupons and/or coupon Bonds, (5) be payable and/or subject to registration and transfer at such place or places, (6) contain such provisions as to payment of, or payment without deduction for, or reimbursement for, any tax or taxes, (7) contain such provisions respecting any sinking, amortization, improvement, renewal or other analogous fund and/or exchangeability for or convertibility into stock or other securities, (8) be redeemable upon such terms, (9) be payable in such currency or currencies, and (10) contain such other provisions not inconsistent with the terms of this Indenture, all as may be specified in such Bonds and in the resolutions of the Board of Directors and in the supplemental indenture providing for the issue of such series, *provided* that so long as any 1973 Series Bonds shall be outstanding, no Bonds of any other series shall be authenticated and delivered hereunder which either (i) shall have any provision for a sinking, amortization, improvement, renewal or other analogous fund, or which shall have serial maturities, if the effect of such fund or serial maturities would be to retire, in any twelve-months' period, a larger percentage of the original principal amount of the Bonds of such other series than of the 1973 Series Bonds, or (ii) shall mature on any date earlier than July 1, 1973, except that, in the case of a series of Bonds having serial maturities only the final maturity date need be subsequent to July 1, 1973, if the plan of serial maturities complies with the requirements of the foregoing Clause (i). All Bonds of any one series shall be identical in all respects, except that (a) they may differ as to date and, in the case of Bonds with serial maturities, as to time of maturity, interest rate and redemption price, and (b) any series of Bonds may comprise both coupon Bonds and registered Bonds without coupons, which may or may not be interchangeable for Bonds of the same series.

§ 2.06. No series of Bonds issued hereunder shall have any preference as to the security afforded by this Indenture over any other series of Bonds

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issued or to be issued hereunder, and no Bond of any series shall have any such preference over any other Bond of the same or any other series; *provided, however,* that the Company at any time, subject to the provisions of § 2.05 (i), may establish sinking, amortization, improvement, renewal or other analogous fund or funds for the exclusive benefit of any particular series (one or more) of such Bonds or make other provision for the amortization thereof, and the holders of any Bonds other than those for whose exclusive benefit any such sinking, amortization, improvement, renewal or other analogous fund or funds shall have been so established shall have no interest therein or benefit therefrom, whether upon default under the provisions of this Indenture or otherwise.

§ 2.07. Whenever the Company shall determine to create a new series of Bonds secured by this Indenture, it shall file with the Trustee a Resolution authorizing such series, and shall execute, acknowledge and deliver a supplemental indenture describing such series and containing such other provisions as may be necessary or appropriate in the premises.

§ 2.08. The Company shall keep or cause to be kept at the principal trust office of the Trustee, books for the registration and transfer of Bonds issued hereunder. The holder of any coupon Bonds which by its terms is registerable as to principal may have the ownership thereof registered on the said books, such registration being noted on the Bond, and after such registration no transfer of the said Bond shall be valid unless made on said Books by the registered holder, in person or by his attorney duly authorized in writing and similarly noted on the Bond; but such Bond may be discharged from registration by being in like manner transferred to bearer, which shall restore transferability by delivery, and the said Bond shall continue subject to successive registrations and transfers to bearer at the option of each holder. Registration of coupon Bonds shall not affect the negotiability of the coupons by delivery only.

Whenever any Bond or Bonds in coupon form with all unexpired coupons of any series shall be surrendered for exchange for a registered

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Bond without coupons of such series, the Company shall issue, and the Trustee shall authenticate and deliver, a registered Bond or Bonds without coupons of such series, for the same aggregate principal amount of an authorized denomination. Whenever a registered Bond or Bonds without coupons of any series shall be surrendered for transfer, accompanied by a duly executed instrument of transfer, in form approved by the Company, the Company shall issue, and the Trustee shall authenticate and deliver, a new registered Bond or Bonds without coupons of such series, for the same aggregate principal amount. Whenever any registered Bond without coupons of any series shall be duly assigned to bearer and surrendered for exchange for a coupon Bond or Bonds of such series, the Company shall issue, and the Trustee shall authenticate and deliver, a coupon Bond or Bonds of such series, for a like aggregate principal amount with coupons attached representing interest from the date to which interest shall have been paid on such surrendered Bond or Bonds.

In every case of exchange, the surrendered Bonds and coupons forthwith shall be cancelled by the Trustee and thereafter all coupon Bonds so cancelled, together with the coupons appurtenant thereto, shall be cremated by the Trustee. Upon every exchange of Bonds and every transfer of Bonds provided for in this § 2.08, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge required to be paid by the Company and in addition may charge a sum not exceeding Two Dollars (\$2) for every Bond issued upon any such exchange or transfer, which shall be paid by the party requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Company shall not be required to make exchanges or transfers of Bonds during a period of two (2) days next preceding any interest date, or to make exchanges or transfers of any Bond after the determination by the Trustee pursuant to § 10.02 that such Bond or a portion thereof is to be called for redemption or after first publication or mailing of notice of redemption of such Bond.

Registered Bonds without coupons shall bear interest from, and shall be dated as of, the interest date next preceding the date on which the same



shall be authenticated by the Trustee, or, if such date of authentication shall be an interest date, such Bonds shall bear interest from, and shall be dated as of, such interest date, or if such date of authentication shall be a date prior to the first interest payment date for Bonds of the series being authenticated, such Bonds shall bear interest from, and shall be dated as of, the commencement of the first interest period for such series (June 1, 1951, in the case of the 1973 Series Bonds); *provided, however*, that, if at the time of authentication of any registered Bond without coupons, of any series, interest is in default on outstanding Bonds of such series, such Bond shall bear interest from, and shall be dated as of, the interest date for such series to which interest has previously been paid or made available for payment on outstanding Bonds of such series.

The 1973 Series Bonds in coupon form shall be dated June 1, 1951. The coupon Bonds of other series shall bear such date as may be determined by the Board of Directors of the Company and designated in the supplemental indenture establishing such series.

As to any registered Bond without coupons and any coupon Bond registered as to the principal, the registered holder shall for all the purposes of this Indenture be regarded as the owner thereof and the payment of or on account of the principal of such Bond, if it be a registered coupon Bond, and of the principal and interest, if it be a registered Bond without coupons, shall be made only to such registered holder or upon his or its order and all such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Company and the Trustee may treat the bearer of any coupon Bond which at the time shall not be registered as to principal and the bearer of any interest coupon as the owner of such Bond or coupon for the purpose of receiving payment thereof and on account thereof and for all other purposes whatsoever and neither the Company nor the Trustee shall be affected by any notice to the contrary.

§ 2.09. Pending the preparation of any definitive Bonds to be issued under and secured by this Indenture, the Company may execute and deliver

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temporary printed Bonds without any or with one or more interest coupons, substantially of the tenor of the definitive Bonds, in denominations of One Thousand Dollars (\$1,000) and/or any multiple thereof. Temporary Bonds may be issued without the provision entitling the holder to register the Bonds or a recital of specific redemption prices, and may contain such reference to any provision of this Indenture as may be appropriate; and the text of the temporary Bonds may express the interest rate of the Bonds and the series thereof by reference to the title of the Bonds. Any such temporary Bonds shall be authenticated by the Trustee in the same manner as the definitive Bonds and such authentication shall constitute conclusive evidence that the temporary Bonds so authenticated have been duly issued under this Indenture and that the holders thereof are entitled to the benefits of the trust hereby created. Such temporary Bonds issued and authenticated as aforesaid shall be exchangeable without expense to the holder for definitive Bonds of the same series and maturity to be issued under and secured by this Indenture, which Bonds will be made available without unnecessary delay, and upon any such exchange such temporary Bonds shall be forthwith cancelled by the Trustee and delivered to the Company. Any such temporary Bonds may also be exchanged for other temporary Bonds of the same series and maturity and for the same aggregate principal amount. Until so exchanged, said temporary Bonds shall be in all respects entitled to the lien and security of this Indenture as Bonds issued and authenticated hereunder.

Definitive Bonds and the coupons, if any, attached thereto, shall be either in fully engraved form or lithographed or printed on steel engraved borders.

§ 2.10. In case any Bond or coupon issued hereunder shall be mutilated, lost, stolen, or destroyed, the Company may in its discretion issue and deliver and the Trustee shall authenticate a new Bond or coupon of like tenor and date in exchange and substitution for and upon cancellation of the mutilated Bond or coupon, or in lieu of and substitution for the Bond or coupon so lost, stolen or destroyed, upon receipt of evidence satisfactory to the Company

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and the Trustee of the ownership of such Bond or coupon and of the loss, theft or destruction of such Bond or coupon, and upon receipt also of indemnity satisfactory to each of them. Any Bonds and coupons issued pursuant to this § 2.10 shall constitute original, additional contractual obligations on the part of the Company and shall be secured equally and ratably with all other Bonds and coupons issued hereunder. Any such new Bond may bear such endorsement as may be prescribed by the Company, with the approval of the Trustee, and as may be required to comply with the rules and regulations of any stock exchange upon which the Bonds are listed or are to be listed or to conform to any usage with respect thereto.

§ 2.11. Each Bond delivered pursuant to any provision of this Indenture in exchange or substitution for the whole or any part, as the case may be, of one or more other Bonds shall carry all of the rights to interest accrued and unpaid, and to accrue, which were carried by the whole or such part, as the case may be, of such one or more other Bonds, and notwithstanding anything contained in this Indenture, such Bond shall bear such date or have attached thereto such coupons so that neither gain nor loss in interest shall result from such exchange or substitution.

### ARTICLE III.

#### INITIAL ISSUE OF BONDS.

§ 3.01. Upon the execution and delivery of this Indenture and upon delivery to the Trustee at any time or from time to time of all or any part of Four Hundred Thousand Dollars (\$400,000) principal amount of the 1973 Series Bonds executed by the Company, the Trustee shall authenticate said Bonds and deliver them to or upon the Written Order of the Company.

## ARTICLE IV.

## GENERAL PROVISIONS AS TO ISSUE OF ADDITIONAL BONDS.

§ 4.01. The aggregate principal amount of Bonds which may be secured by this Indenture is not limited except as may be provided by law, but shall include such amount as may now or hereafter from time to time be authenticated and delivered under the provisions hereof.

§ 4.02. Bonds, in addition to the initial issue of 1973 Series Bonds may be issued hereunder from time to time pursuant to Article V (on the basis of property hereafter acquired), Article VI (on the deposit of cash), and/or Article VII (for refunding Bonds previously outstanding hereunder), upon compliance with the provisions of Articles V, VI or VII, whichever may be applicable.

Such additional Bonds may be Bonds of any series, as determined by the Company, but shall not without consent in writing of the holders of all then outstanding 1973 Series Bonds, be 1973 Series Bonds.

## ARTICLE V.

AUTHENTICATION AND DELIVERY OF BONDS UPON THE BASIS  
OF PROPERTY ADDITIONS.

§ 5.01. Additional Bonds may at any time and from time to time be executed by the Company and delivered to the Trustee, and thereupon the same shall, subject to the provisions of § 5.02, be authenticated and delivered under this Article by the Trustee upon the Written Order of the Company, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION, requesting the authentication and delivery pursuant to the provisions of this Article of a specified principal amount of Bonds of a designated series.

B. A CERTIFICATE OF THE COMPANY, in substantially the following form, with appropriate exhibits annexed thereto and the blanks appropriately completed:

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SOUTHWEST GAS CORPORATION, LTD.  
 INDENTURE OF MORTGAGE AND DEED OF TRUST  
 DATED JUNE 1, 1951

CERTIFICATE OF THE COMPANY FILED PURSUANT TO § 5.01

....., the ..... President and .....  
 the ..... Treasurer, of SOUTHWEST GAS CORPORATION, LTD.,  
 hereby certify:

(1) The Company has acquired, by purchase or construction [or, in the alternative, by other specified manner] the Property Additions briefly described in Exhibit A hereto, such description including a statement of the principal subdivisions of plant account to which the cost of such Property Additions has been charged. [If such Property Additions include any additional tract or parcel of real estate, the following is to be added:] A separate description of each additional tract or parcel of real estate included in such Property Additions is also set forth in Exhibit A.

(2) No part of said Property Additions consists of Funded Property or is included in any other application or certificate now pending with the Trustee by virtue whereof said Property Additions or any part thereof would become Funded Property.

(3) No part of said Property Additions is subject to any lien or encumbrance other than a Permitted Encumbrance.

(4) There is no outstanding indebtedness of the Company for the purchase price or construction of, or for labor, wages or materials in connection with the construction of, said Property Additions which could become the basis of a lien upon said Property Additions prior to the lien of the Indenture which, in the opinion of the signers of this Certificate, might materially impair the security afforded thereby.

(5) No part of said Property Additions was acquired from an Affiliate of the Company. [the following may be added if applicable] except Property Additions identified as such in Exhibit A hereto and separately described.

(6) No part of said Property Additions was acquired by the Company, in whole or in part, for a consideration consisting of

securities. [*the following may be added if applicable*] except Property Additions identified as such in Exhibit A hereto and separately described. Said securities are described in Exhibit B hereto. The cost of such separately identified Property Additions does not exceed the Fair Value of said securities as shown by the Appraisers Certificate filed with the Trustee pursuant to § 5.01D of the Indenture.

(7) The Cost to the Company of said Property Additions is \$..... The Fair Value thereof to the Company at the date of this Certificate is [*either*] \$..... [*or, in the alternative*] not less than the Cost so specified.

(8) All of said Property Additions constitute Property Additions as said term is defined in § 1.04 of the Indenture.

(9) The aggregate amount of all Retirements up to the date of this Certificate which have not been included in a previous Certificate filed with the Trustee pursuant to § 5.01B, § 6.03 or § 11.11 of the Indenture is \$..... The amount of such Retirements has been computed as required by § 1.06 of the Indenture.

(10) A brief description of such Retirements and the principal subdivisions of plant account to which such Retirements have been credited is set forth in Exhibit C hereto.

(11) The amounts (computed as required by § 1.07 of the Indenture, and stated separately according to the categories specified in said § 1.07, and similarly lettered) of all Retirements Credits which have not been included in a previous Certificate filed with the Trustee pursuant to § 5.01B, § 6.03 or § 11.11 of the Indenture and which are to be applied against such Retirements is as follows:

- (a) \$.....
- (b) \$.....
- (c) \$.....
- (d) \$.....
- (e) \$.....

Total

\$.....

(12) The amount of the Net Earnings Available for Interest, for a period of ..... to ..... inclusive (twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the date on which the present application for the authentication and delivery of Bonds is made) is \$.....

(13) The aggregate amount of the annual interest charges on—

(a) All Bonds outstanding under the Indenture at the date of this Certificate. (In the case of any Bonds pledged as security for any indebtedness of the Company, the amount of the annual interest charges on such pledged Bonds is stated as the greater of (i) the amount of the annual interest charges on such indebtedness or (ii) the amount of the annual interest charges on such pledged Bonds) ..... \$.....

(b) All Bonds the authentication and delivery of which is applied for in this application and in any other pending application ..... \$.....

(c) All indebtedness secured by a lien upon the Trust Estate, or any part thereof, prior to the lien of the Indenture, other than a Permitted Encumbrance ..... \$.....

Total such annual interest charges [Such annual interest charges are, in the Indenture, called the annual "Interest Charges on the Secured Bonded Debt" of the Company] ..... \$.....

(14) The amount of the Net Earnings Available for Interest set forth in Clause (12) above have been at least equal to two (2) times the aggregate amount of the annual Interest charges on the Secured Bonded Debt of the Company, set forth in Clause (13) above.

(15) The following is a summary of amounts shown in this Certificate:

(a) Gross Amount of Property Additions, at Cost or Fair Value (whichever is less) as shown by Clause (7) or (if applicable) Clause (19), whichever is less ..... \$.....

(b) Retirements, as shown by Clause (9) ..... \$.....

- (c) Retirements Credits, as shown by Clause (11)
- (d) Net Retirements—Item (b) minus Item (c), but in no event less than zero
- (e) Net Amount of Property Additions—Item (a) minus Item (d)
- (f) Amount of First Mortgage Bonds to be authenticated and delivered pursuant to this application (not more than 60% of Item (e))

(16) The Company is not in default in the performance of any of the covenants on its part to be performed under the Indenture.

Dated: ..... 19.....

(Not more than 45 days prior to the application)

SOUTHWEST GAS CORPORATION, LTD.

.....  
*President or Vice President*

.....  
*Treasurer or Assistant Treasurer*

(17) I certify that the statements in the foregoing Clauses (1), (7), (8), (9), (10) and (11) are correct.

.....  
Engineer, as defined in § 1.03 of the Indenture.

(18) The accompanying certificate of this firm, marked Exhibit D, certifies the correctness of the foregoing Clauses (12), (13) and (14).

.....  
Independent Accountants, as defined in § 1.03 of the Indenture.



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[Certificate of Independent Accountants to be annexed at Exhibit D.]

[If, but only if, required by the instructions to the following Clause (19), such Clause (19), signed by an Independent Engineer selected by the Company and approved by the Trustees in the exercise of reasonable care, is to be added.]

(19) (a) [If any Property Additions shall be separately described pursuant to Clause (5), the following statement shall be made.] The Fair Value to the Company, in the opinion of the undersigned, of the part of said Property Additions which has been separately described pursuant to Clause (5) is \$.....

(b) [If the Fair Value of the Property Additions described in the foregoing Certificate, and all other Property Additions described in all other Property Additions Certificates delivered pursuant to any provision of the Indenture since the commencement of the then current calendar year is One Hundred Thousand Dollars (\$100,000) or more, the following statement is to be made.] The Fair Value to the Company, in the opinion of the undersigned, of all Property Additions described in Clause (1) of the foregoing Certificate is \$.....

.....  
Independent Engineer, as defined  
in § 1.03.

[If the Certificate of the Company delivered pursuant to the foregoing Paragraph B is dated the date of authentication and delivery of the Bonds, the Certificate required by the following Paragraph C may be omitted.]

C. A CERTIFICATE OF THE COMPANY dated the date of authentication and delivery of the Bonds, to the effect that:

(1) The aggregate amount of Retirements which have occurred after the date of the Certificate of the Company filed with the Trustee pursuant to the foregoing Paragraph B and prior to the granting of the application in respect of which said Certificate was delivered does not have a cost basis greater than five per cent. (5%) of the Net Amount of Property Additions specified in said Certificate.

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(2) The amount of annual Interest Charges on the Secured Bonded Debt set forth in Clause (13) of said Certificate has not been increased after the date of such Certificate and before the authentication and delivery of the Bonds.

D. In case any part of said Property Additions is shown by said Certificate furnished pursuant to Paragraph B to have been acquired by the Company, in whole or in part, for a consideration consisting of securities, a CERTIFICATE signed by an Independent Appraiser selected by the Company and approved by the Trustee in the exercise of reasonable care, stating, in the opinion of the signer, the Fair Value of such securities at the time of the delivery thereof as consideration for the acquisition of such part of such Property Additions.

E. The MORTGAGES, DEEDS, CONVEYANCES, ASSIGNMENTS, TRANSFERS and INSTRUMENTS OF FURTHER ASSURANCE and the CERTIFICATE or CERTIFICATES and OTHER EVIDENCE, if any, specified in the opinion of Counsel pursuant to Clauses (2), (6) and (7) of the following Paragraph F.

F. AN OPINION or OPINIONS OF COUNSEL:

(1) Stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustee to authenticate and deliver the Bonds applied for, and that the Bonds applied for may be lawfully authenticated and delivered under this Article.

(2) Specifying the mortgages, deeds, conveyances, assignments, transfers and instruments of further assurance, if any, which will be sufficient to subject to the lien of this Indenture the Property Additions described in said Certificate, and stating that upon the recordation or filing in the manner stated in such opinion of the instruments so specified, no further recording or re-recording or filing or re-filing of this Indenture or any other instrument is required to maintain the lien of this Indenture upon such Property Additions as against creditors and subsequent purchasers; or stating what further recordation or filing of this Indenture or any supplemental indenture is or will be necessary for that purpose; or stating that said Property Additions are

then subject to the direct lien of this Indenture and that no such mortgage, deed, conveyance, transfer or instrument of further assurance is necessary for such purpose.

(3) Stating that the Company has a good and valid title to said Property Additions, and that the same and every part thereof is free and clear of all liens, charges and encumbrances, except Permitted Encumbrances.

(4) Stating that the Company has lawful power to acquire, own and use said Property Additions in its business; and that the Company lawfully holds franchises, permits, liens, rights of way and/or easements necessary for the maintenance and use of said Property Additions or is otherwise entitled by law to maintain and operate said Property Additions and that no such franchise, permit, lien, right of way or easement in the opinion of such counsel contains any provisions materially prejudicial to the interests of the Bondholders.

(5) Stating that no Funded Property owned by the Company is subject to any then subsisting lien or encumbrance (except Permitted Encumbrances) prior to the lien created by this Indenture for the security of the Bonds whose authentication and delivery is then applied for.

(6) Specifying the certificate or other evidence which will be sufficient to show compliance with the requirements, if any, of any mortgage recording tax law or other tax law applicable to the issuance of the Bonds then applied for, or stating that there are no such legal requirements.

(7) Specifying the certificate or other evidence which will be sufficient to show the authorization, approval or consent of or to the issuance by the Company of the Bonds then applied for, by the Federal, State or other governmental regulatory body or commission at the time having jurisdiction in the premises, or stating that no such authorization, approval or consent is required.

G. The SUPPLEMENTAL INDENTURE, if any, required by § 2.07.

§ 5.02. Upon compliance with the provisions of § 5.01, the Trustee shall authenticate and deliver Bonds of an aggregate principal amount equal

to the amount requested in the Resolution filed pursuant to § 5.01A, up to, but not exceeding, sixty per cent. (60%) of the Net Amount of Property Additions shown in Clause (15) (e) of the Certificate filed pursuant to § 5.01B.

ARTICLE VI.

AUTHENTICATION AND DELIVERY OF BONDS UPON DEPOSIT OF CASH WITH TRUSTEE.

§ 6.01. Additional Bonds may at any time and from time to time be executed by the Company and delivered to the Trustee for authentication and thereupon the same shall, subject to the provisions of § 6.02, be authenticated and delivered under this Article by the Trustee upon the Written Order of the Company, upon receipt by and deposit with the Trustee of the following:

- A. A RESOLUTION OF THE BOARD, requesting the authentication and delivery pursuant to the provisions of this Article of a specified principal amount of Bonds of a designated series.
- B. CASH equal to the aggregate principal amount of the Bonds the authentication and delivery of which is then applied for.
- C. A CERTIFICATE OF THE COMPANY, covering Clauses (12), (13), (14), (16) and (18) of § 5.01B and a like Certificate, dated the date of authentication and delivery of the Bonds, covering Clause (2) of § 5.01C.
- D. The CERTIFICATES and OTHER EVIDENCES, if any, specified in the Opinion of Counsel as provided by the following § 6.01E.
- E. An OPINION OR OPINIONS OF COUNSEL, covering Clauses (1), (5), (6) and (7) of § 5.01F.
- F. The SUPPLEMENTAL INDENTURE, if any, required by § 2.07.

There shall at no time be on deposit with the Trustee under the provisions of this § 6.01 an amount of cash exceeding Four Hundred Thousand Dollars (\$400,000).

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§ 6.02. Upon compliance with the provisions of § 6.01 the Trustee shall authenticate and deliver Bonds of an aggregate principal amount equal to the amount of the cash deposited with the Trustee pursuant to § 6.01B.

§ 6.03. Cash deposited with the Trustee under the provisions of § 6.01 is in this Indenture sometimes referred to as "*Deposited Cash*"; and until the same shall have been paid over by the Trustee upon the Written Order of the Company as hereinafter in this § 6.03 provided, the Trustee shall hold all Deposited Cash as a part of the Trust Estate hereunder; and, upon default in the payment of the principal of any of the Bonds, when and as the same shall become due and payable, whether by the terms thereof or by declaration or otherwise as herein provided, any Deposited Cash then in the hands of the Trustee shall become applicable to the purposes specified in, and in accordance with the provisions of, § 12.11.

At any time and from time to time, whenever the Company shall become entitled to the authentication and delivery of Bonds under the provisions of Article V, the Trustee, upon receipt of a Resolution of the Board requesting the payment of a specified amount of Deposited Cash, and upon receipt also of the instruments required to be delivered to the Trustee by said provisions (with such appropriate omissions and variations as are applicable to Deposited Cash), shall pay upon the Written Order of the Company, and the Company shall be entitled to withdraw, Deposited Cash of an amount equal to the principal amount of the Bonds to whose authentication and delivery the Company would be so entitled; *provided, however*, that, upon an application to withdraw Deposited Cash under the provisions of this § 6.03, it shall not be necessary for the Company to deliver to the Trustee (a) the Resolution required by § 5.01A, or (b) any of the certificates or parts of the Opinion of Counsel referred to in § 5.01F(6) and (7) or (c) the data respecting Net Earnings required by Clauses (12), (13), (14) and (18) of § 5.01B or by Clause (2) of § 5.01C.

ARTICLE VII.

AUTHENTICATION AND DELIVERY OF BONDS UPON RETIREMENT  
OF BONDS PREVIOUSLY ISSUED HEREUNDER.

§ 7.01. Additional Bonds may at any time and from time to time be executed by the Company and delivered to the Trustee for authentication, and thereupon the same shall be authenticated and delivered under this Article by the Trustee upon the Written Order of the Company, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the authentication and delivery pursuant to the provisions of this Article of a specified principal amount of Bonds of a designated series.

B. A CERTIFICATE OF THE COMPANY, in substantially the following form, with appropriate exhibits annexed thereto and the blanks appropriately completed:

SOUTHWEST GAS CORPORATION, LTD.  
INDENTURE OF MORTGAGE AND DEED OF TRUST  
DATED JUNE 1, 1951

CERTIFICATE OF COMPANY FILED PURSUANT TO § 7.01

....., the ..... President, and .....  
the ..... Treasurer of SOUTHWEST GAS CORPORATION, LTD.,  
hereby certify:

(1) [Either (a) and/or (b) and/or (c)].

(a) There are delivered to the Trustee herewith Bonds heretofore authenticated and delivered, which have been paid, redeemed or otherwise retired, of the following series and principal amounts respectively:

Series	Bond Numbers	Principal Amount
--------	--------------	------------------

Total

[and/or]

(b) There is delivered to the Trustee herewith [or, in the alternative, the Trustee now holds] in trust, irrevocably, for the purpose of payment or redemption thereof, cash sufficient to pay or redeem the following Bonds heretofore authenticated and delivered under the Indenture:

Series	Principal Amount	Redemption Price or Amount to be Paid
Total		

Instructions with respect to the payment or redemption of such Bonds are as follows: [Insert instructions]

[and/or]

(c) The following Bonds heretofore authenticated and delivered under the Indenture have been paid, redeemed or otherwise retired and heretofore delivered to the Trustee:

Series	Bond Numbers	Principal Amount
Total		

(2) The Bonds, the retirement of which (or provision therefor) is made the basis for the authentication and delivery of Bonds hereunder, do not include

(a) Any Bond which has theretofore been used by the Company for any purpose of the Indenture [the following may be added if applicable] except as set forth in the following paragraph (c).

(b) Any Bond purchased, paid, redeemed or otherwise retired through the operation of the Sinking Fund for the 1973 Series Bonds.

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or any Bond delivered to the Trustee pursuant to the provisions of § 9.01 of the Indenture in satisfaction of any obligation in respect of the Sinking Fund for the 1973 Series Bonds.

(c) Any Bond purchased, paid, redeemed or otherwise retired through the operation of any other sinking, amortization, improvement, renewal or other analogous fund created as in § 2.05 of the Indenture provided [the following may be added if applicable] except the following Bonds purchased, paid, retired or redeemed through the operation of the ..... fund which was created by the Supplemental Indenture dated ..... [or other instrument] which permits the authentication and delivery of Bonds under Article VII upon the basis of the redemption, purchase or other retirement of such Bonds: [Insert description of such Bonds.]

(d) Any Bond purchased, paid, redeemed or otherwise retired through the operation of the Renewal and Replacement Fund provided for in § 9.06 of the Indenture, or any Bond delivered to the Trustee pursuant to the provisions of § 9.06 of the Indenture.

(3) The Company is not in default in the performance of any of the covenants on its part to be performed under the Indenture.

[The statements required by the following Clauses (4) and (5) and by § 7.01C need not be added if either

(a) the Bonds, the retirement of which (or provision therefor) is made the basis for the authentication and delivery of the Bonds then applied for, bear interest at a higher rate than the Bonds the authentication of which is sought, provided however, that nothing in this Item (a) shall be deemed to excuse the Company from making such statements if said first mentioned Bonds shall not have been issued by the Company or shall have ceased to be outstanding hereunder during any period or periods prior to the authentication and delivery of the Bonds then applied for, and during said period or periods a Certificate of the character required by § 5.01B shall have been delivered to the Trustee pursuant to any provision of this



Indenture in which the annual interest requirements on any such Bond which shall have so ceased to be outstanding shall not have been included in Interest Charges on the Secured Bonded Debt of the Company, or

(b) the payment date or the redemption date of said first mentioned Bonds (if they have been paid or have been or are to be redeemed) or the date of their surrender to the Trustee (if they have been acquired by the Company and surrendered to the Trustee) is less than three (3) years prior to the maturity date stated in such Bonds.]

(4) [Here insert statements respecting Net Earnings required by Clauses (12), (13) and (14) of § 5.01B.]

Dated: ..... 19.....

(Not more than 45 days prior to the application)

SOUTHWEST GAS CORPORATION, LTD.

.....  
President or Vice-President

.....  
Treasurer or Assistant Treasurer

[If, but only if, required by the instructions preceding Clause (4), the following Clause (5) is to be added.]

(5) The accompanying certificate of this firm, marked Exhibit A, certifies the correctness of the statements in the foregoing Clause (4) required by reference to § 5.01B (12), (13) and (14) of the Indenture.

.....  
Independent Accountants, as defined in § 1.03 of the Indenture.

[Certificate of Independent Accountants to be annexed as Exhibit A.]

C. The CERTIFICATE required by § 5.01C(2).

D. The CERTIFICATES and OTHER EVIDENCE, if any, specified in the Opinion of Counsel as provided by the following § 7.01 E.

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E. An OPINION OF OPINIONS OF COUNSEL, covering Clauses (1), (5), (6) and (7) of § 5.01 F.

F. The BONDS AND/OR CASH, if any, specified in Clause (1) of § 7.01 B.

G. The SUPPLEMENTAL INDENTURE, if any, required by § 2.07.

§ 7.02. Upon compliance with the provisions of § 7.01, the Trustee shall authenticate and deliver Bonds of an aggregate principal amount equal to the principal amount of the Bonds deposited with the Trustee, and/or paid, redeemed or otherwise retired, and/or for whose payment or redemption cash has been deposited with or is held in trust by the Trustee, as in § 7.01 provided.

§ 7.03. Every Bond and its coupons delivered uncanceled to the Trustee, and on the basis of which an additional Bond is authenticated and delivered under this Article, shall be immediately cancelled. Such cancelled Bonds and all Bonds delivered cancelled shall be thereafter cremated if in coupon form not registered as to principal.

#### ARTICLE VIII.

#### CERTAIN COVENANTS.

In addition to the covenants on its part contained elsewhere in this Indenture, the Company covenants as follows:

§ 8.01. The Company is lawfully seized and possessed of and has good title to all property described in the granting clauses hereof as being presently mortgaged and pledged hereunder, and it has good right and lawful authority to mortgage and pledge the same as provided in and by this Indenture; said property is free and clear of all liens and encumbrances except Permitted Encumbrances and those, if any, referred to in the granting clauses hereof; and the Company warrants and will defend the title to such property and every part thereof to the Trustee, its successors in the trust and assigns, forever, for the benefit of the holders of the Bonds, against the claims and demands of all persons whomsoever.

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This Indenture is and always will be kept a first lien upon the Trust Estate and upon every part thereof, subject only to encumbrances permitted by § 8.05.

§ 8.02. At any and all times the Company will do, execute, acknowledge, deliver, file and/or record, and will cause to be done, executed, acknowledged, delivered, filed and/or recorded, all and every such further acts, deeds, conveyances, mortgages, transfers and assurances in law as may be necessary or as the Trustee shall reasonably require for the better assuring, conveying, pledging, transferring, mortgaging, assigning and confirming unto the Trustee all and singular the hereditaments and premises, estates and property hereby conveyed, pledged, transferred or assigned, or intended so to be.

§ 8.03. The Company will duly and punctually pay or cause to be paid the principal of, and premium, if any, and interest on all of the Bonds at any time issued and outstanding hereunder in full and in strict accord with the terms thereof and of this Indenture; and on or prior to the date on which each installment of principal (and premium, if any) or interest shall become due it will set aside in trust or will deposit or cause to be deposited in trust with its paying agent or agents the amount in cash necessary to pay the principal (and premium, if any) and interest due on such date. Each such installment of money so deposited shall (subject to the provisions of § 16.02) be held in trust for the account of the holder or holders of the obligations due on such date and shall be applied to the payment thereof. All Bonds and/or coupons so paid shall be forthwith cancelled and thereafter all coupon bonds so cancelled, together with the coupons appurtenant thereto, shall be cremated by the Trustee.

Subject to the provisions of § 16.02, money deposited with the Trustee or with any paying agent or held by the Company for the purpose of paying the principal of or interest (or premium, if any) on Bonds shall constitute a trust fund for such purpose and for no other purpose whatever. Every paying agent which may be appointed for the purpose of making payments of the principal of or the interest (or premium) on any Bond shall be required to

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notify the Trustee promptly of any default by the Company, or any other obligor upon the Bonds, in the payment of any such principal or interest (or premium).

§ 8.04. At all times until the payment of all of the Bonds the Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where the Bonds and coupons may be presented for payment and where notices and demands in respect of the Bonds and coupons or of this Indenture may be served, and for the performance of all obligations which the Company agrees in this Indenture to perform at any such office or agency.

The Company will from time to time give the Trustee written notice of the location of each such office or agency, and in case the Company shall fail to maintain any such office or agency or to give the Trustee written notice of the location thereof, any such notice, presentation or demand in respect of the Bonds or coupons or this Indenture, may be given or made, unless other provision is expressly made herein, to or upon the Trustee at its principal trust office in the City of Los Angeles, California, and the Company hereby authorizes such presentation and demand to be made to and such notice to be served on the Trustee in such event, and the principal of and interest on the Bonds shall in such event be payable at said office of the Trustee.

§ 8.05. The Company will pay or cause to be paid all taxes and assessments lawfully levied or assessed upon the Company or upon the Trust Estate or upon any part thereof or upon any income therefrom or upon the interest of the Trustee in the Trust Estate, prior to delinquency, and will duly observe and conform to all valid requirements of any governmental authority relative to any of the Trust Estate, and all covenants, terms and conditions upon or under which any of the Trust Estate is held, provided that nothing in this § 8.05 contained shall require the Company to observe or conform to any requirement of any governmental authority or to pay or cause to be paid or discharged, or make provision for, any tax, prior lien, charge, claim or demand so long as the

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validity thereof shall be contested by it in good faith and by appropriate legal proceedings and such security for the payment thereof shall be given as the Trustee may require; and it will not suffer to be done any matter or thing whereby the lien hereof might or could be impaired.

The Company will not create or suffer to be hereafter created any lien upon the Trust Estate, or any part thereof, or the income therefrom, prior to, or having equality with, the lien of these presents, except Permitted Encumbrances and except (i) any mortgage or other lien on any property hereafter acquired by the Company which may exist at the date of the acquisition of such property by the Company and (ii) purchase money mortgages created by the Company at the time of acquisition of such property; *provided* that in no event shall the amount secured by any mortgage or lien permitted by the foregoing *Clauses* (i) and (ii) be in excess of sixty-six and two-thirds per cent. (66 $\frac{2}{3}$ %) of the cost or fair value at the time of acquisition, whichever is less, of the property subject thereto, and *provided further* that the amount secured by all such mortgages or other liens shall not exceed in aggregate amount at any one time outstanding ten per cent. (10%) of the aggregate principal amount of the Bonds then outstanding.

Within three months after the accruing of any lawful claims or demands for labor, material, supplies or other objects or any lawful claims or demands of a government or governmental authority, which, if unpaid, might by law be given precedence over this Indenture as a lien or charge upon the Trust Estate or the income thereof, the Company will pay or cause to be discharged or make adequate provision to satisfy or discharge the same; and it will not suffer to be done any matter or thing whereby the lien hereof might or could be impaired.

The Company will not claim or demand or be entitled to receive any credit on the interest payable on the Bonds or on any other payment secured hereby for any portion of any taxes assessed against the Trust Estate, and no deductions shall be made by reason of this Indenture from the taxable value of the Trust Estate or any part thereof, and the provisions of any present or future law, statute or constitutional provision permitting or entitling the Company to receive any such credit or to make any such deduction are hereby expressly waived.

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§ 8.06. The Company will cause this Indenture and every additional supplemental and amendatory instrument which shall be executed pursuant to the provisions hereof, forthwith upon execution, to be recorded as a real estate mortgage and, if required by law, recorded and/or filed or re-filed as a chattel mortgage and will, to the extent permitted by law, pay any mortgage recording or filing or other tax legally due upon such recording and filing or the issuing of Bonds hereunder, and will punctually and fully comply with the requirements of any and every mortgage recording tax or other law, affecting the due recording and re-recording and filing and re-filing of this Indenture or of such additional instruments in such manner as may be necessary fully to preserve, continue and protect the security and validity of the Bonds, the lien of this Indenture on the Trust Estate and all rights and remedies of the Trustee hereunder.

The Company will take all steps which may be necessary to maintain its corporate existence.

Promptly after the execution and delivery of this Indenture and every instrument amendatory hereof or supplementary hereto which shall be executed pursuant to the provisions hereof, the Company will furnish to the Trustee an Opinion of Counsel, either stating that in the opinion of such counsel this Indenture and all such instruments have been properly recorded and filed so as to make effective the lien intended to be created hereby and that all other action required by the first paragraph of this § 8.06 theretofore to have been taken has been taken, and reciting the details of such action, or stating that in the opinion of such counsel no such recording, filing or other action is necessary to make such lien effective.

Without limiting the generality of the foregoing covenants of this § 8.06, the Company will furnish to the Trustee upon request and in any event on or before May 1 in each year (beginning May 1, 1952), the following:

A. A CERTIFICATE OF THE COMPANY, briefly describing by reference to subdivisions of plant account or job order (or referring to descriptions thereof in other Certificates of the Company then or theretofore delivered to the Trustee) each item of property which

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was acquired in the preceding calendar year at a cost of Twenty-five Thousand Dollars (\$25,000) or more and which under the terms hereof is subject to the lien of this Indenture or required so to be.

If any item of property described in such Certificate is an additional tract or parcel of real estate, a separate description of such tract or parcel shall (unless included in another Certificate then or theretofore delivered to the Trustee) be included in the Certificate.

**B. AN OPINION OF COUNSEL.**

(1) Specifying the mortgages, deeds, conveyances, assignments, transfers and instruments of further assurance, if any, which will be sufficient to subject such property to the lien of this Indenture or stating that no such instruments are necessary for such purpose, and stating that, upon the recordation or filing, in the manner stated in such opinion, of the instrument so specified, if any, or upon the recordation or filing of this Indenture or any supplemental indenture in the manner stated in such opinion, or without any recordation or filing, this Indenture will constitute a valid lien upon such property.

(2) Stating what action, if any, of the Company or the Trustee is necessary or advisable under the statutes of the State of California or other applicable law to maintain the lien of this Indenture as against creditors and subsequent purchasers and stating whether, under the then applicable law, any such action will be necessary or advisable within the next ensuing period of twelve months. If any instruments are necessary or advisable for such purpose, such opinion shall specify the same.

(3) Either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording, and re-filing of this Indenture and all indentures supplemental hereto, as is necessary to maintain the lien of the Indenture, and citing the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such lien.

**C. THE MORTGAGES, DEEDS, CONVEYANCES, ASSIGNMENTS, TRANSFERS AND INSTRUMENTS OF FURTHER ASSURANCE AND OTHER INSTRUMENTS, if any, as specified in the opinion required by the foregoing Paragraph B.**

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To the extent permitted by law the Company will bear all expenses in connection with the preparation, recording, filing, re-recording or re-filing of all such instruments specified in said Opinion of Counsel.

§ 8.07. The Company will at all times maintain, preserve and keep the Trust Estate, and every part thereof, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and will from time to time make all needful and proper repairs and renewals, replacements and substitutions, so that at all times the efficiency of the property hereby mortgaged shall be fully preserved and maintained, and, subject to the provisions hereof, will maintain its corporate existence and will use its best efforts to maintain, preserve and renew all the rights, powers, privileges and franchises by it owned, and otherwise to maintain its rights in respect of its Gas Business.

The Company will promptly classify as Retirements for the purpose of the computation of Net Property Additions hereunder all Funded Property that has permanently ceased to be used or useful in the Gas Business of the Company.

Whenever the holders of not less than a majority in principal amount of the 1973 Series Bonds then outstanding shall so request in a written notice served upon the Company and the Trustee, the Company at its own expense shall promptly appoint the Engineer named by such holders in such request to make an inspection of the Trust Estate, and within a reasonable time after his appointment to report in writing to the Company and to the Trustee whether or not the Trust Estate, as an operating system, has been maintained in good repair, working order and condition in accordance with the covenants hereinabove in this § 8.07 set forth, and whether or not the Company shall have complied with the covenants in the next preceding paragraph regarding the classification of Funded Property as Retirements; *provided* that the Company shall not be obligated to make more than one such appointment in the period from the date of this Indenture to June 1, 1956 nor to make more than one such appointment within any



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subsequent period of sixty (60) months. Said report shall be presented to the Company and, accompanied by evidence of such presentation, to the Trustee in whose office it shall remain on file and open to inspection by any Bondholder at any reasonable time. A copy of said report shall be mailed by the Trustee to each registered owner of not less than ten per cent. (10%) in principal amount of the Bonds at the time outstanding.

If such Engineer shall report that the Trust Estate as an operating system has not been so maintained he shall specify in his report, the character and extent of, and the estimated cost of making good, the deficiency in such maintenance, and, if longer than one year, the time reasonably necessary to make good such deficiency.

The report of such Engineer shall be binding upon the Trustee, the Company and the Bondholders unless, within sixty (60) days after filing of the report, the Company (by notice in writing to the Trustee) states that such report is not approved, specifying with reasonable particularity the matters therein which are not approved. All matters so specified in such notice shall forthwith be referred to three arbitrators, each of whom shall be an Independent Engineer, selected in the following manner:

The Trustee, within ten (10) days after receipt of notice, shall name one arbitrator and give notice of such selection to the Company. Within ten (10) days after receipt of such notice of selection, the Company shall name one arbitrator and give notice of such selection to the Trustee, and failure so to do shall entitle the Trustee to name an arbitrator to represent the Company. The two thus selected shall, within ten (10) days after the appointment of the arbitrator representing the Company, select a third arbitrator, but if said arbitrators are unable within said ten (10) days to agree upon such third arbitrator then, upon the application of either the Company or the Trustee, the person who is the District Judge of the United States of America for the Southern District of California, senior in service, shall have the power to appoint such third arbitrator upon application to said District Judge by either the Company or the Trustee on five (5) days notice thereof to the other.

The written decision of a majority of such arbitrators shall be filed

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as soon as practicable with the Trustee and a copy thereof delivered to the Company and a copy thereof shall be mailed by the Trustee to each registered owner of not less than ten per cent. (10%) in principal amount of the Bonds at the time outstanding, and such decision shall be binding upon the Trustee, the Company and the Bondholders.

If such written decision shall modify the report of the Engineer which was the subject of arbitration, reference hereinafter in this § 8.07 to such report of the Engineer shall be deemed to mean the report of such Engineer as modified by the decision of such arbitrators. Pending the final determination pursuant to the foregoing provisions of this § 8.07 as to whether or not the Trust Estate has been maintained as an operating system in good repair, working order and condition, the statements contained in the report of such Engineer which is the subject of arbitration shall not be deemed evidence of failure to comply with the provisions of this § 8.07.

In the computation hereunder of the Net Amount of Property Additions, after any such report of an Engineer shall have been filed with the Trustee, the Company shall classify as Retirements, at the amount or amounts which such report specifies, the property which said report states should be classified as Retirements for the purpose of such computation and which has not been retired on the books of the Company.

The Company shall, with all reasonable speed, do such maintenance work as may be necessary to make good such maintenance deficiency, if any, as shall have been specified to exist in such report, and upon completion thereof such Engineer (or, in the case of his refusal or inability to act, some Independent Engineer of national reputation selected by the Company and approved by the Trustee) shall report in writing to the Trustee that the maintenance deficiency specified in said report has been made good.

Unless the Trustee shall be so informed in writing by such Engineer within one year from the date of the report with respect to the maintenance deficiency (or such longer period as may be specified in such report to be

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reasonably necessary for the purpose), that such maintenance deficiency has been made good, the Company shall be deemed to have defaulted in the due performance of the covenants of this § 8.07 with respect to the maintenance of the Trust Estate; and in any proceedings consequent upon such default, said report of such Engineer shall be conclusive evidence against the Company of the existence of the facts and conditions therein set forth, and the Trustee shall be fully protected in relying thereon.

All expenses incurred pursuant to this § 8.07 shall be borne by the Company.

In the event that any regulatory authority having jurisdiction over the Company in the premises shall determine that the expenditures required by this § 8.07 for repairs and maintenance are excessive or shall, by order or regulation, prohibit, in whole or in part, any such expenditures for repairs and maintenance, then, upon filing with the Trustee a certified copy of such order or a copy of such regulation, as the case may be, the Company shall, so long as such order or such regulation remains in effect, be relieved from compliance with the covenants contained in this § 8.07, to the extent that such expenditures for repairs and maintenance shall have been held excessive or shall be prohibited.

§ 8.08. The Company will at all times keep all of its plants and properties which are of an insurable character insured, by financially sound and reputable insurance companies or associations, against loss or damage by fire or explosion, in amounts sufficient to prevent the Company from becoming a co-insurer within the terms of the insurance policies covering such risks, but no such policy shall contain a co-insurance clause permitting insurance coverage of less than eighty per cent. (80%) of the property insured. The Company will also maintain insurance with such insurance companies and associations against loss or damage from other hazards and risks to its properties and to the person or property of others of the character usually maintained by companies engaged in the same or similar business similarly situated; *provided, however,* that the Company may effect Workmen's Compensation Insurance with respect to operations in any

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particular state or other jurisdiction through an insurance fund operated by such state or other jurisdiction.

All insurance policies covering risks to the Trust Estate shall provide that if any insurance moneys in excess of Ten Thousand Dollars (\$10,000) are payable in respect of any one loss, all such moneys shall be payable to the Trustee as its interest may appear. Whenever the holders of not less than a majority in principal amount of the Bonds then outstanding shall so request in a written notice served upon the Company and the Trustee, the Company shall cause policies for insurance against risks to the Trust Estate to be delivered to the Trustee.

Whenever any proceeds of insurance representing loss of or damage to any part of the Trust Estate and aggregating \$10,000 or less in respect of any one loss shall be received by the Company, the Company will (unless the aggregate amount of such proceeds, plus all other proceeds of insurance received since the beginning of the current calendar year as to which the provisions of this paragraph are applicable shall be \$1,000 or less) within ninety (90) days thereafter deliver to the Trustee:

A. A CERTIFICATE OF THE COMPANY setting forth

(1) The amount of insurance moneys so received.

(2) That a specified amount (i) has been applied by the Company to the replacement, renewal, repair or rebuilding of the destroyed or damaged property or (ii) is required to pay obligations incurred for the replacement, renewal, repair or rebuilding of the damaged or destroyed property.

B. CASH in an amount equal to the excess, if any, of the amount specified in Clause (1) of the Certificate of the Company delivered pursuant to the foregoing Paragraph A over the amount specified in Clause (2) of such Certificate of the Company.

Any insurance moneys received by the Trustee under any of the provisions of this § 8.08 shall be held by the Trustee, and shall be paid over to the Company by the Trustee upon receipt of an Application of the Company so requesting—

(1) In the case of any loss in an amount less than Twenty-five Thousand Dollars (\$25,000), such moneys shall be paid over in

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an amount equal to expenditures made in repairing or replacing the damaged or destroyed property for which such insurance moneys were paid, upon receipt by the Trustee of a CERTIFICATE OF THE COMPANY showing the cash expenditures made for such purposes, and stating that the same do not exceed the fair value to the Company of such repairs or replacements.

(2) In the case of any loss, whether the amount thereof be greater or less than \$25,000, such moneys shall be paid over upon compliance with the provisions of § 11.10, § 11.11, § 11.12 or § 11.13.

§ 8.09. There shall be deposited with the Trustee, at such reasonable times as it may request, and at least once in each year on or before May 1 (beginning May 1, 1952) without any such request, a Certificate of the Company stating that the Company has at all times during the preceding calendar year complied with the provisions of § 8.08, and including a detailed statement of the policies of insurance outstanding and in force at the end of the preceding calendar year. In case the Trustee shall at any time notify the Company in writing that it disapproves of any insurance company with which the Company has taken out any insurance (which the Trustee shall be under no duty to do unless so requested in writing by the holders of not less than a majority in principal amount of the Bonds at the time outstanding), other insurance satisfactory to the Trustee shall forthwith be effected by the Company.

§ 8.10. If the Company shall fail to perform any of the covenants contained in § 8.05, § 8.07 or § 8.08, the Trustee may make advances to perform the same in its behalf, but, except as otherwise required by § 15.01, shall be under no obligation so to do; and all sums so advanced shall be at once repayable by the Company, and shall bear interest at six per cent. (6%) per annum until paid; and shall be secured hereby, having the benefit of the lien hereby created in priority to the Bonds and coupons issued hereunder, but no such advance shall be deemed to relieve the Company from any default hereunder.

§ 8.11. The Company will keep books of record and account, in which full, true and correct entries will be made of all dealings or transactions

relative to the plants, properties, business and affairs of the Company, and all books, documents and vouchers relative to the plants, properties, business and affairs of the Company shall at all reasonable times be open to the inspection of such reputable accountant or other agent as the Trustee may from time to time designate upon the request of the holders of not less than a majority in principal amount of the Bonds then outstanding, and the Company will bear all expenses of such inspections made at intervals of not more than once every two years.

§ 8.12. The Company will not issue, negotiate, sell or dispose of any Bonds of any amount or in any manner or for any purpose contrary to the provisions of this Indenture, according to the true intent and tenor hereof.

§ 8.13. So long as any of the 1973 Series Bonds shall be outstanding the Company will not—

- A. Declare or pay any dividends on any of its stock;
- B. Directly or indirectly or through any Subsidiary purchase or agree to purchase, or redeem or retire or give notice of redemption or retirement of, any of its stock; or
- C. Make any distribution to its stockholders;
- D. Make any payment as remuneration for services or as management or engineering or other professional fees to any person who is either a member of the Stockholding Group or an Associate of a member of the Stockholding Group;

(declarations or payments of dividends, purchases, agreements to purchase, redemptions, retirements or distributions referred to in the foregoing Paragraphs A, B, and C [excluding, however, any such which may be payable solely in common stock of the Company] being herein collectively called "*Stock Payments*"), and payments referred to in the foregoing Paragraph D [also excluding any such which may be payable solely in common stock of the Company] being herein collectively called "*Restricted Remuneration Payments*"), except that, so long as no Event of Default shall have happened and be continuing, nothing in this § 8.13 shall prohibit the following:

(1) The Company may make Restricted Remuneration Payments if and to the extent that, after giving effect thereto, the aggregate Amount of (a) all Stock Payments plus (b) all Restricted Remuneration Payments, in each case for the period from January 1, 1951, to and including the date of the making of the Restricted Remuneration Payment in question, will not exceed an amount determined by adding to (x) the Net Earnings of the Company for such period (but only to the extent that the same was deducted in computing such Net Earnings of the Company) (y) an amount equal to all Restricted Remuneration Payments paid or accrued for such period.

(2) The Company may make Stock Payments on any preferred stock if and to the extent that after giving effect to all Stock Payments on preferred stock the amount of all Stock Payments for the period from January 1, 1951 to and including the date of the making of the Stock Payment in question will not exceed the Net Earnings of the Company for such period, taken as one accounting period.

(3) If and as long as the principal amount of the Bonds outstanding shall be less than seventy per cent. (70%) of the net book value of the gas plant in service of the Company, the Company may make Stock Payments on its common stock if and to the extent that after giving effect to all Stock Payments on its common stock, the amount of all such Stock Payments on its common stock for the period from January 1, 1951 to and including the date of the making of the Stock Payment in question will not exceed the aggregate of the following during such period:

A. Fifty per cent. (50%) of Net Earnings Available for Dividends on Common Stock in each quarterly fiscal period during which the principal amount of Bonds outstanding shall be less than seventy per cent. (70%), but sixty per cent. (60%) or more, of the net book value of the fixed property, as shown by the balance sheet of the Company at the beginning of such quarterly period;

B. Seventy-five per cent. (75%) of Net Earnings Available for Dividends on Common Stock in each quarterly fiscal period during which the principal amount of Bonds outstanding shall be less than sixty per cent. (60%), but fifty per cent. (50%) or more, of the net book value of the fixed property, as shown by the balance sheet of the Company at the beginning of such quarterly period;

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C. One hundred per cent. (100%) of Net Earnings Available for Dividends on Common Stock in each quarterly fiscal period during which the principal amount of Bonds outstanding shall be less than fifty per cent. (50%) of the net book value of the fixed property, as shown by the balance sheet of the Company at the beginning of such quarterly period.

"Net Earnings Available for Dividends on Common Stock" shall mean Net Earnings after deducting all Stock Payments on its preferred stock during the period in question.

"Net book value of the gas plant in service of the Company" shall mean the amount of the fixed property of the Company in the gas plant in service account, after deducting therefrom applicable reserves for depreciation.

(4) The Company may declare and pay dividends payable solely in common stock of the Company or make other distributions to its stockholders if such distributions are made solely in common stock of the Company.

(5) The Company may make exchanges of common stock of the Company solely for other common stock of the Company.

The Company may credit against Stock Payments of the character of purchases, redemptions and retirements of stock of the Company the net cash consideration received upon the sale subsequent to June 1, 1951 of additional common stock of the Company, and in the case of exchanges of common stock of the Company solely for other common stock of the Company, the stock retired through exchanges need not be considered a Stock Payment.

The "Stockholding Group" shall mean and include all persons who, at June 1, 1951, were respectively the holders of more than twenty per cent. (20%) of the voting stock of the Company and all other persons who, with their respective Associates, shall hereafter hold more than ten per cent. (10%) of the voting stock of the Company.

"Associate" as used with reference to a member of the Stockholding Group shall mean (1) any corporation or organization of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of ten per cent. (10%) or more of any class of equity securities, (2) any trust or other estate in which such person has a substantial beneficial



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interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (3) any spouse, brother, sister, parent, child or descendant of such person.

§ 8.14. Forthwith upon the acquisition of any shares of stock, or notes, bonds or other evidences of indebtedness, or other securities of, any Subsidiary or of any corporation which thereby shall become a Subsidiary, the Company will deposit and pledge the same with the Trustee subject to the direct lien of this Indenture, subject to no prior lien or encumbrance.

The Company will not sanction or permit any issue of additional shares of any Subsidiary unless simultaneously there shall be made effective provision that certificates for all such additional shares, forthwith upon the issue thereof, shall be so deposited and pledged with the Trustee hereunder.

Upon such deposit and pledge, the Company shall deliver to the Trustee an Opinion of Counsel that the certificates for such shares of stock or other securities are valid and genuine, and upon deposit thereof with the Trustee will be subject to the direct lien of this Indenture, subject to no prior lien or encumbrance.

§ 8.15. The Company will not cause or permit any Subsidiary to (i) sell, lease or transfer all, or substantially all, of its properties, rights and franchises except to the Company or another Subsidiary, or (ii) merge into or consolidate with any corporation other than the Company or another Subsidiary.

§ 8.16. The Company will not sanction or permit the creation or existence of any indebtedness by or of any Subsidiary, whether directly or by guaranty, assumption or otherwise (except indebtedness for current operating expenses and customers' deposits of such Subsidiary) unless such indebtedness shall be owed to the Company and unless also all indebtedness aggregating in excess of Ten Thousand Dollars (\$10,000) in principal amount owing by such Subsidiary shall be evidenced by a note which, forthwith upon the creation thereof, shall be assigned to and pledged with the Trustee hereunder, subject to no prior lien or encumbrance.

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§ 8.17. The Company covenants on or before June 1, 1952, it will complete the Initial Construction Program, and will file with the Trustee a Certificate of the Company, signed also by an Independent Engineer, certifying such completion and setting forth a reasonably detailed description of the property acquired in that connection.

## ARTICLE IX.

## SINKING FUND FOR THE 1973 SERIES BONDS.

## RENEWAL AND REPLACEMENT FUND FOR THE 1973 SERIES BONDS.

§ 9.01. The Company will maintain a Sinking Fund (herein called the "*Sinking Fund for the 1973 Series Bonds*") to be applied as hereinafter provided for the 1973 Series Bonds, and for that purpose will pay to the Trustee in cash on May 28, 1954, and thereafter annually on May 28, in each year,

A. An amount (herein called the "*1973 Series Fixed Sinking Fund Payment*") equal to five per cent. (5%) of the maximum principal amount of the 1973 Series Bonds at any one time outstanding prior to the particular Sinking Fund Payment Date.

B. An amount (herein called the "*1973 Series Contingent Sinking Fund Payment*") (to the nearest multiple of \$1,000) equal to twenty per cent. (20%) of the amount, if any, by which

- (i) the Net Earnings of the Company for the next preceding fiscal year exceeds
- (ii) the 1973 Series Fixed Sinking Fund Payment made in such preceding fiscal year.

The amount then payable pursuant to § 9.02 shall be paid concurrently therewith.

The dates upon which such payments are to be made are herein called "*Sinking Fund Payment Dates*", and the 1973 Series Fixed Sinking Fund Payments and the 1973 Series Contingent Sinking Fund Payments are herein sometimes collectively called "*1973 Series Sinking Fund Payments*."

Nothing in this § 9.01 shall be deemed to require the Company to pay to the Trustee at any time in respect of principal a sum greater than the then unpaid principal amount of the 1973 Series Bonds then outstanding.

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Except as expressly provided in this Indenture, the Company shall not be entitled to increase, or to anticipate, any payment in satisfaction of its obligations in respect of the Sinking Fund for the 1973 Series Bonds. The Company shall, however, have the right at its option to satisfy any obligation in respect of the Sinking Fund for the 1973 Series Bonds on any Sinking Fund Payment Date in whole or in part by delivering to the Trustee not earlier than February 1 in each year and not later than April 20 in each year, any 1973 Series Bonds theretofore authenticated and delivered hereunder which have not theretofore been used for any purpose of this Indenture, together with any unmatured coupons thereto appertaining and the Trustee shall credit such 1973 Series Sinking Fund Payment with a payment equal to the principal amount of the 1973 Series Bonds so delivered.

Any Bonds so delivered shall be accompanied by a Written Order of the Company instructing the Trustee to credit such 1973 Series Sinking Fund Payment as aforesaid.

§ 9.02. Whenever Bonds are required to be redeemed pursuant to the provisions of this Article, the Company shall in each case prior to the date fixed for redemption thereof pay to the Trustee in cash all unpaid interest accrued on such Bonds to said date fixed for redemption.

§ 9.03. Promptly after April 20 in each year, the Trustee shall proceed to select for redemption, in the manner provided in § 10.02, a principal amount of 1973 Series Bonds equal (to the nearest multiple of One Thousand Dollars [\$1,000]) to (a) the amount, if any, of the 1973 Series Sinking Fund Payment required to be paid in cash on such Sinking Fund Payment Date (after giving effect to the credit, if any, against such 1973 Series Sinking Fund Payment resulting from the delivery of 1973 Series Bonds to the Trustee pursuant to § 9.01) plus (b) the amount, if any, of undisbursed cash paid in connection with previous 1973 Series Sinking Fund Payments, and, for and on behalf of and in the name of the Company, the Trustee shall give notice by publication, mail, or both in the same manner as prescribed in § 10.02 of the redemption for the Sinking Fund for the 1973 Series Bonds on the next ensuing June 1st of the 1973 Series Bonds so selected, and a copy of such notice shall also be mailed to the Company.

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Such notice shall state that the redemption is for the Sinking Fund for the 1973 Series Bonds in lieu of stating that the Company has elected to redeem the 1973 Series Bonds designated therein. Subject to the provisions of this § 9.03, the redemption of such 1973 Series Bonds shall be effected in the manner and upon the terms provided in § 10.02, but the redemption price to be paid for the 1973 Series Bonds so redeemed for the purposes of the Sinking Fund for the 1973 Series Bonds shall be the applicable redemption price specified in § 10.06.

Notwithstanding the provisions of § 10.02, 1973 Series Bonds owned by the Company which have not theretofore been used for any purpose of this Indenture shall be considered to be outstanding and shall be included in connection with any designation by the Trustee of Bonds to be redeemed for the Sinking Fund for the 1973 Series Bonds.

§ 9.04. All moneys paid to the Trustee pursuant to § 9.01 and § 9.02 shall be held by the Trustee in trust for the benefit of the respective holders of the 1973 Series Bonds which are to be redeemed (in whole or in part) and shall be paid to them as provided in Article X.

Nothing contained in this Indenture or in any Bond or coupon shall be construed to imply any obligation upon the Trustee to make any payment except out of moneys deposited with it for such purpose by the Company.

§ 9.05. All Bonds and coupons, if any, appurtenant thereto, redeemed and paid through the operation of the Sinking Fund for the 1973 Series Bonds (including any Bonds delivered to the Trustee pursuant to the provisions of § 9.01) shall, except as provided in § 10.02(b), be cancelled by the Trustee, and all coupon Bonds and appurtenant coupons so cancelled shall be cremated by the Trustee.

§ 9.06. The Company will maintain a "Renewal and Replacement Fund for the 1973 Series Bonds", and in that connection, so long as any of the 1973 Series Bonds shall be outstanding, the Company shall have a specific obligation for (i) the seven months' period from June 1, 1951 to December 31, 1951 and (ii) each calendar year beginning with the calendar

year 1952; in respect of the renewal and replacement of, and additions to, the physical property owned by the Company, in an amount (herein called the "Renewal and Replacement Obligation") equal to the excess of (a) depreciation in respect of the seven months' period or calendar year in question, at the rate charged on the books of the Company or at the rate claimed for federal income tax purposes, whichever shall be the greater, over (b) the amount of the 1973 Series Sinking Fund Payment, if any, made during the seven months' period or calendar year in question.

The Renewal and Replacement Obligation is to be subject to the credits permitted by the following provisions of this § 9.06.

The Company shall (whether or not any payment is due pursuant to the following Paragraph B) meet such specific obligation in respect of any year by delivering to the Trustee on a date between January 1 and May 1 in the next succeeding calendar year, the following:

A. A RENEWAL AND REPLACEMENT CERTIFICATE OF THE COMPANY, signed also by an Independent Accountant, selected by the Company and approved by the Trustee in the exercise of reasonable care, setting forth a computation of the Renewal and Replacement Obligation of the Company in respect of such calendar year. [A separate certificate may be omitted if the data required thereby is added to the Certificate, referred to in § 9.06C(2) required by reference to § 5.01B.]

B. CASH equal to the amount, if any, of the Renewal and Replacement Obligation specified in the Renewal and Replacement Certificate of the Company delivered pursuant to the foregoing Paragraph A, *provided, however,* that the Company shall have the right to deliver to and deposit with the Trustee the Applications, Certificates, Bonds, Opinions and/or other Instruments specified in the following Paragraphs C, D and/or E, which shall be received in lieu of cash to the extent hereinafter in this § 9.06 set forth.

C. If the Company shall so determine, the following APPLICATION, CERTIFICATES, OPINIONS AND OTHER INSTRUMENTS, which shall be received as a credit upon such Renewal and Replacement Obligation to the extent of one hundred per cent. (100%) of the Gross Amount of Property Additions certified in the Certificate required to be delivered by Clause (2) below:

(1) AN APPLICATION OF THE COMPANY requesting such credit upon the Renewal and Replacement Obligation. [A separate application may be omitted if such request is included in the Certificate referred to in § 9.06C(2), required by reference to § 5.01B.]

(2) THE CERTIFICATES, OPINIONS, AND OTHER INSTRUMENTS which the Company would be required to furnish to the Trustee upon an application for the authentication and delivery of additional Bonds under Article V, but with the following variations:

(a) The provisions of Article V limiting the principal amount of Bonds to be authenticated to sixty per cent. (60%) of the Net Amount of Property Additions shall be inapplicable.

(b) It shall not be necessary for the Company to deliver to the Trustee the Resolution required by § 5.01A; the Certificate required by § 5.01B shall contain an additional statement in Clause (2) to the effect that none of the Property Additions therein described has theretofore been used for any purpose of this Indenture; such Certificate shall not contain the statements required by Clauses (9), (10) and (11) relating to Retirements and Clauses (12), (13), (14) and (18) relating to Net Earnings; the summary required by Clause (15) of said Certificate shall show only the Gross Amount of Property Additions; the certification required by § 5.01B(17) shall not include Clauses (9), (10) and (11) relating to Retirements; and it shall not be necessary for the Company to include any Independent Engineer's certification required by § 5.01B(19) or to deliver the Certificate of the Company required by § 5.01C; or any parts of the Opinion of Counsel referred to in § 5.01F(1), (6) and (7); or the Supplemental Indenture required by § 5.01G.

(c) The Opinion of Counsel required by § 5.01F shall contain an additional Clause to the effect that the Application, Certificates, Opinions and other Instruments which have been delivered to the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustee to effect such credit upon the Renewal and Replacement Obligation.

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D. If the Company shall so determine, the following BONDS AND CERTIFICATES, which shall be received by the Trustee as a credit upon the Renewal and Replacement Obligation in an amount equal to the principal amount of the Bonds deposited:

(1) THE BONDS AND CERTIFICATES which the Company would be required to furnish to the Trustee upon an application for the withdrawal of a like amount of Trust Moneys under § 11.12 upon the basis of the retirement of Bonds, but with the following variations:

(a) It shall not be necessary for the Company to deliver the Resolution required by § 11.12A or the Opinion of Counsel required by § 11.12C, and the statement required by § 11.12B(4) may be omitted.

(2) An Opinion or Opinions of Counsel stating that the Bonds and instruments which have been delivered to the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustee to effect such credit upon the Renewal and Replacement Obligation.

E. If the Company shall so determine, an APPLICATION OF THE COMPANY specifying an amount of unused Renewal and Replacement Credit (as hereinafter in this § 9.06 defined) which the Company then elects to use as a credit upon its Renewal and Replacement Obligation, which shall be received by the Trustee as a credit upon the Renewal and Replacement Obligation in an amount not greater than such unused Renewal and Replacement Credit. Such Application shall state that such Renewal and Replacement Credit was created not more than five (5) years and four (4) months prior to the date of such Application.

F. AN OPINION OF COUNSEL, stating that in the opinion of such counsel upon receipt by the Trustee of the Certificates, Instruments, Opinions, Bonds and/or Cash which shall have been or are concurrently delivered to the Trustee, the provisions of this § 9.06 will have been complied with.

If and whenever the amount certified pursuant to the foregoing Paragraphs C and D plus the amount of cash delivered pursuant to Paragraph B

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of this § 9.06 is in excess of the amount, if any, of the Renewal and Replacement Obligation specified in the Renewal and Replacement Certificate of the Company delivered pursuant to the foregoing Paragraph A, then the same shall be deemed to have been "used" only to the extent of the amount then required to be certified to meet the requirements of this § 9.06, and the excess shall be deemed to constitute a "Renewal and Replacement Credit"; provided, however, that in no event shall the amount, if any, by which the amount of the 1973 Series Sinking Fund Payment, as specified in § 9.06A, exceeds such Renewal and Replacement Obligation form part of and be considered in computing such Renewal and Replacement Credit.

Any such unused Renewal and Replacement Credit shall be available at the election of the Company to be used to meet the requirements of this § 9.06, as provided in Paragraph E of this § 9.06, *provided, however*, that no such Renewal and Replacement Credit shall be available for such credit later than five (5) years and four (4) months after the date of delivery of the certificates and other documents creating the same.

Cash deposited with the Trustee pursuant to Paragraph B of this § 9.06 shall be held by the Trustee and, unless an Event of Default shall have happened and be continuing shall, subject to the provisions of § 11.15, be applied from time to time in accordance with § 11.10, § 11.11, § 11.12 or § 11.13.

§ 9.07. All Bonds delivered to the Trustee pursuant to § 9.06 shall, except as provided in § 10.02(b), be cancelled and thereafter all coupon bonds so cancelled, together with the coupons appurtenant thereto, shall be cremated by the Trustee and no Bonds shall be issued in lieu thereof.

## ARTICLE X.

### REDEMPTION OF BONDS.

§ 10.01. With respect to any particular series of Bonds issued hereunder, the Company may reserve the right to redeem and pay off before maturity, all or any part of the Bonds of such series at such time or times and from



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time to time, and on such terms, as the Board of Directors may determine and as shall be appropriately expressed in this Indenture or in the supplemental indenture establishing such series.

§ 10.02. In case the Company shall elect to exercise its option to redeem Bonds at any time it shall give notice of such exercise (1) by delivering to the Trustee written notice, signed by the President or a Vice-President of the Company, of intention to redeem Bonds (which notice shall identify all Bonds of the series to be redeemed owned by the Company), specifying the date fixed for redemption (which date, if less than all the Bonds of any series are to be redeemed, shall be at least forty (40) days after the delivery of such notice) and the aggregate principal amount of Bonds so to be redeemed on said date, (2) if any registered Bonds without coupons or any coupon Bonds which shall be registered as to principal shall be designated as hereinafter provided for redemption in whole or in part on said redemption date, by mailing by registered mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the said redemption date, written notice of the exercise of such right of redemption to each registered holder of any Bond so designated, to the last address of such holder appearing on the registry books for the Bonds, and (3) if any coupon Bonds are to be redeemed which shall not be registered as to principal, by publishing notice of the exercise of such right of redemption, once in each week for four successive calendar weeks (in each instance on any day of the week) in one Authorized Newspaper in the City of Los Angeles, California, and one Authorized Newspaper in the Borough of Manhattan, The City of New York, the first such publications to be made not less than thirty (30) days nor more than sixty (60) days before such redemption date.

Each notice to be mailed to the registered holder of Bonds or to be published as aforesaid shall state the following: (1) such election on the part of the Company to redeem Bonds, specifying the series to be redeemed and the date fixed for redemption; (2) if less than all of the Bonds of any series are to be redeemed, the distinguishing numbers of the coupon Bonds

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to be redeemed, the distinguishing numbers of the registered Bonds without coupons to be redeemed as a whole and the distinguishing numbers of the registered Bonds without coupons to be redeemed in part (indicating the extent of the partial redemption thereof, respectively), together with such other description of the Bonds (and portions of Bonds, if any) as may be necessary in order to identify the same, *provided* that any such notice to be mailed need not so describe any other Bonds to be redeemed; (3) the redemption price or prices at which such Bonds are to be redeemed; (4) that interest on such Bonds (or on the portion to be redeemed of any of such fully registered Bonds so designated for redemption in part) shall cease on the date fixed for redemption; and (5) that on said date such Bonds should be presented in negotiable form (together, in the case of coupon Bonds, with all appurtenant coupons maturing after said date) for redemption, as a whole or in part as the case may be, at the place or places of payment of such Bonds.

If less than all of the outstanding Bonds of any series are to be called for redemption, the Bonds of such series to be redeemed shall be designated by the Trustee (within ten (10) days after receipt from the Company of notice of its intention to redeem Bonds) either (i) in accordance with the provisions of any written instrument duly executed by the registered holders of all the Bonds of such series (if at the time of designation all of the outstanding Bonds of such series shall be registered Bonds without coupons and/or coupon Bonds registered as to principal) and filed with the Trustee at or prior to such time of designation, or (ii) if the provisions of the foregoing *Clause (i)* shall not be applicable, by lot in any manner deemed to be proper by the Trustee and not inconsistent herewith.

In any determination by lot under this § 10.02, (i) Bonds which the notice of intention to redeem hereinabove provided for identifies as owned by the Company shall not be considered to be outstanding and shall be excluded in making the determination of the Bonds to be redeemed and (ii) each registered Bond without coupons shall be represented by a separate number for each One Thousand Dollars (\$1,000) of its principal amount.

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The Trustee forthwith upon the designation of Bonds for redemption as aforesaid shall give written notice to the Company describing the Bonds (including any portions of registered Bonds without coupons) designated for redemption as aforesaid. Notice of election to redeem Bonds having been given by the Company as aforesaid, the coupon Bonds and the registered Bonds without coupons (or portions thereof) so designated for redemption shall, on the redemption date designated in such notice, become due and payable, at the redemption price then applicable and, upon presentation thereof for redemption in accordance with such notice, together with all appurtenant coupons, if any, maturing after said redemption date, such Bonds (or portions thereof) shall be paid at the redemption price on said date.

If there shall have been designated for redemption as aforesaid, a portion but less than all, of any outstanding registered Bond without coupons, then, upon presentation as herein provided of such registered Bond without coupons, there shall be paid to or upon the order of the registered holder of such registered Bond without coupons the principal amount of the portion of such registered Bond without coupons so designated for redemption, and unpaid accrued interest in respect thereof, together with the applicable premium, if any, and at the option of such holder, either

(a) such registered Bond without coupons may be surrendered by such holder for cancellation, in which event the Company shall execute, and the Trustee shall thereupon authenticate and deliver to or on the order of such holder, at the expense of the Company, one or more new registered Bonds without coupons, of the same series and of any authorized denomination or denominations, registered in the name of such holder, for the principal amount of such registered Bond without coupons remaining unpaid; or

(b) the Trustee shall make notation thereon of the payment of the portion of the principal of such Bond so called for redemption.

§ 10.03. Before the redemption date specified in any notice given by the Company of its exercise of its right to redeem Bonds, the Company shall deliver to and deposit with the Trustee the following:

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A. CASH, in trust, in an amount sufficient to redeem all of the Bonds which are to be redeemed (in whole or in part) on the redemption date specified in such notice, which cash shall be held by the Trustee for the benefit of the respective holders of such Bonds and shall be paid to them respectively as aforesaid.

B. A CERTIFICATE OF THE COMPANY, stating that all conditions precedent which relate to the redemption of such Bonds have been complied with.

C. AN OPINION OF COUNSEL, stating that all conditions precedent which relate to the redemption of such Bonds have been complied with.

§ 10.04. Notice of redemption having been given as above provided, such Bonds (or portions thereof) shall become due and payable on the date fixed for redemption and thereafter, if necessary funds for redemption shall have been deposited with the Trustee as aforesaid, no interest shall accrue on or in respect of any such Bonds or portions thereof so called for redemption, and no coupon appurtenant thereto maturing after said date shall be of any force or effect.

The several holders of the Bonds issued under this Indenture, by accepting the same, agree upon any such redemption to accept payment of the Bonds, or, in the case of a registered Bond without coupons of a denomination greater than \$1,000 partially redeemed, to accept payment of the amount thereof so redeemed, all as in this Article X and in Article IX provided.

All Bonds (and coupons, if any, appurtenant thereto) redeemed and paid under this Article X shall, except as provided in § 10.02 (b), be cancelled by the Trustee and thereafter all coupon Bonds so cancelled, together with the coupons appurtenant thereto, shall be cremated by the Trustee.

§ 10.05. The 1973 Series Bonds shall, upon compliance with the provisions of this Article X and in the manner and upon the terms therein provided be redeemable at the option of the Company at any time, either as a whole or in any part equal in aggregate principal amount to Fifty Thousand Dollars (\$50,000) or more in a multiple of One Thousand Dollars (\$1,000)

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from time to time, at the principal amount of the Bonds so to be redeemed, and accrued interest to the date fixed for redemption, together with a premium equal to a percentage of the principal amount thereof determined as set forth in the following table:

If redeemed in the twelve-months period ending May 31—	Redemption Premium	If redeemed in the twelve-months period ending May 31—	Redemption Premium
1952 .....	4.00%	1963 .....	2.32%
1953 .....	3.93%	1964 .....	2.13%
1954 .....	3.79%	1965 .....	1.92%
1955 .....	3.65%	1966 .....	1.71%
1956 .....	3.50%	1967 .....	1.49%
1957 .....	3.35%	1968 .....	1.27%
1958 .....	3.20%	1969 .....	1.03%
1959 .....	3.03%	1970 .....	.79%
1960 .....	2.87%	1971 .....	.53%
1961 .....	2.69%	1972 .....	.27%
1962 .....	2.51%	1973 .....	None

§ 10.06. In case of the redemption of 1973 Series Bonds pursuant to the provisions of Article IX, such 1973 Series Bonds shall, upon compliance with the provisions of § 10.02, be redeemable as a whole at any time or in any part from time to time, at the principal amounts thereof, together with interest accrued to the date fixed for redemption, without premium.

#### ARTICLE XI.

##### POSSESSION, USE AND RELEASE OF MORTGAGED PROPERTY AND APPLICATION OF PROCEEDS THEREOF.

§ 11.01. The Company, unless an Event of Default shall have happened and shall not have been remedied,

(a) Shall be entitled to possess, manage, operate, use and enjoy and to remain in the actual and undisturbed possession of the Trust Estate (other than bonds, certificates of stock and other securities and cash deposited or required to be deposited with the Trustee) and to receive,

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take and use the rents, income and profits thereof; to use and consume any fuel and similar materials and supplies consumable in the operation of any properties of the Company and to use, consume, sell or dispose of any materials, supplies or merchandise held by the Company for the purpose of distribution or sale in the ordinary course of business, all as if this Indenture had not been made.

(b) May, without obtaining any release and without obtaining the consent of the Trustee, sell or otherwise dispose of, free from the lien of this Indenture, any furniture, machinery, equipment, tools and appliances which may have become obsolete, inadequate or worn-out or otherwise unsuitable for use in the business of the Company, *provided* as a condition precedent that: (i) the Company shall have replaced, or shall contemporaneously replace, the same by, or substitute for the same, other machinery, equipment, tools or appliances, not necessarily of the same character but of at least equal value and efficiency, which shall forthwith become, without further action, subject to the lien of this Indenture, (ii) this Clause (b) shall not permit such disposition of any unit of furniture, machinery, equipment, tools or appliances having a fair value at the time in excess of Ten Thousand Dollars (\$10,000); and (iii) this Clause (b) shall not permit such disposition of machinery, equipment, tools or appliances in excess, in any one calendar year, of an aggregate fair value of Twenty-five Thousand Dollars (\$25,000).

(c) May, without the consent of the Trustee, alter, change the location of, add to, repair and replace any of its machinery, fixtures and other equipment and, without obtaining any release and without obtaining the consent of the Trustee, surrender, abandon, exchange or release easements or rights of way provided, that such action in the opinion of the Board of Directors of the Company evidenced by a resolution of the Board, is in the interest of the Company and will not impair the security of the Bonds outstanding hereunder.

(d) Shall be entitled to receive and collect for its own use all dividends paid on shares of stock of any corporation held by the Trustee hereunder which are paid in cash out of the earned surplus or net profits of the issuing corporation and all interest upon obligations or indebtedness of any person held by the Trustee hereunder; and, in case such shares of

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stock shall be transferred into the name of the Trustee or of its nominee or nominees, the Trustee from time to time shall execute and deliver upon the Written Order of the Company suitable assignments and orders in favor of the Company or its nominee named in such order for the payment of such cash dividends and interest, and as the date of their maturity approaches shall deliver upon a like order any and all coupons representing such interest, *provided, however*, and it is hereby declared and agreed that the Company shall not be entitled to receive and the Trustee shall not pay over to it,

(i) the principal of any obligation or indebtedness at the time held by the Trustee hereunder, or

(ii) any dividend upon any share of stock at the time held by the Trustee hereunder other than a dividend paid in cash out of the earned surplus or net profits of the issuing corporation, or

(iii) any sum paid upon liquidation or dissolution or reduction of capital or redemption, upon any obligation or indebtedness or share of stock, at the time held by the Trustee hereunder.

(e) Shall also have the right, except as herein expressly limited, to vote and/or give consents with respect to all shares of stock held by the Trustee hereunder, and from time to time, in case such shares of stock shall have been transferred into the name of the Trustee or of its nominee or nominees, the Trustee, upon the Written Request of the Company, shall execute and deliver or cause to be executed and delivered to the Company or its nominee named in such Written Request appropriate powers of attorney or proxies to vote such stock or to execute a waiver or consent or certificate with respect to such stock, for such purpose or purposes as may be specified in such request, except that each such power of attorney or proxy may be limited so as to provide in effect that the powers thereby conferred do not include any power to vote for or to authorize or consent to any act or thing inconsistent with this Indenture.

(f) May, in general, exercise all of the rights and powers of an owner of any securities deposited and pledged under this Indenture which will not impair the security of this Indenture in contravention of the

provisions thereof, and the Trustee shall take any action with respect thereto which may be specified in a Written Request of the Company.

(g) May, without the consent of the Trustee, surrender or permit to lapse or assent to the modification of, any franchise which it may hold or under which it may be operating, *provided that* (i) in the event of any such surrender or lapse, the Company shall then have or shall receive at the time of such surrender or lapse a franchise or right or privilege pursuant to which, in the opinion of Counsel, it shall be authorized to do the same or an extended business in the same or an extended territory during the same or an extended or unlimited period of time; and (ii) in the event of any such modification, the franchise as modified shall, in the opinion of Counsel, authorize the continuance of the same or an extended business in the same or an extended territory during the same or an extended or unlimited period of time.

(h) May, without the consent of the Trustee, make changes or alterations in or substitutions for any licenses or leases or contracts for the purchase of gas or surrender and cancel the same, *provided that* (a) unless the Company shall have obtained and filed with the Trustee the consent in writing of the holders for the time being of at least a majority in principal amount of each series of the Bonds then outstanding hereunder, or unless approved or required by order or regulation of a governmental body having jurisdiction in the premises, the Company will not surrender or cancel any contract relating to the purchase of natural gas by the Company and will not make or suffer to be made any change or alteration in such contract which would (i) increase the cost basis to the Company of the gas to be delivered thereunder, (ii) reduce the term during which gas is to be delivered to the Company thereunder, (iii) reduce the minimum supply of gas to the Company guaranteed thereunder or (iv) otherwise change or alter any of the provisions of such contract in any respect materially adverse to the Company or the holders of the Bonds, and (b) the Trustee shall have received a CERTIFICATE OF THE COMPANY and A RESOLUTION OF THE BOARD to the effect that, in the opinion of the signers of said Certificate of the Company and of the Board of Directors, respectively, such change,



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alteration or substitution or such surrender or cancellation, as the case may be, is in the interest of the Company and will not impair the security of the Bonds outstanding hereunder; and in such event any modified, altered or substituted grants, licenses or leases or contracts for the purchase of gas shall forthwith be subject to the terms of this Indenture to the same extent as such contract.

§ 11.02. The Company shall have the right, at any time and from time to time, to sell or dispose of any part of the Trust Estate (other than cash held by the Trustee or the contract referred to in Clause III of the Granting Clauses) which shall no longer be useful or necessary in the judicious management and maintenance of the Trust Estate or in the conduct of the business of the Company, or which the Company reasonably anticipates will be taken by eminent domain, or which the Company shall have been directed to sell or dispose of by order of any governmental authority having jurisdiction in the premises, and the Trustee shall, from time to time, release property so sold or disposed of from the operation and lien of this Indenture, but only upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting such release and describing the property so to be released.

B. A CERTIFICATE OF THE COMPANY, in substantially the following form, with appropriate exhibits annexed thereto and the blanks appropriately completed:

SOUTHWEST GAS CORPORATION, LTD.

INDENTURE OF MORTGAGE AND DEED OF TRUST

DATED JUNE 1, 1951

CERTIFICATE OF THE COMPANY FILED PURSUANT TO § 11.02

....., the ..... President and .....,  
the ..... Treasurer, of SOUTHWEST GAS CORPORATION, LTD.,  
hereby certify:

(1) The Company has [either] sold or disposed of [or, *the alternative*] contracted to sell or dispose of the property described in

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Exhibit A hereto, and desires to release the same. The consideration to be received for such property is also set forth in Exhibit A hereto.

(2) In our opinion: [Either (a) or (b)] (a) Such sale or disposition is desirable in the conduct of the business of the Company, and the property to be released is no longer useful or necessary in the judicious management and maintenance of the Trust Estate or in the conduct of the business of the Company. [or] (b) Such sale or disposition has been or is to be made to ....., a governmental authority, in reasonable anticipation of taking of such property by eminent domain. [or] (c) such sale or disposition has been made pursuant to the order of a governmental authority having jurisdiction in the premises.

(3) No part of the property to be released has been or is to be sold or disposed of, in whole or in part, for a consideration consisting of property or purchase money obligations [the following may be added if applicable] except property identified as sold for such consideration in Exhibit A hereto and separately described therein. Said consideration is described in said Exhibit A.

[If any such purchase money obligations are to be secured by a purchase money mortgage on less than all of the property to be released, the property to be covered by such purchase money mortgage shall be separately described.]

(4) In our opinion, the Fair Value at the date of this Certificate of the property to be released is \$....., without deduction for liens, if any, having priority to the lien of the Indenture, [the following may be added if applicable], except the following liens, to which the property to be released will continue to be subject: [Describe such liens].

[If, by virtue of the foregoing Clause (3) any of the property to be released shall be separately described, the Fair Value of such property shall be separately stated in this Clause (4). The Fair Value of any property included in the consideration for the property to be released shall also be stated.]

(5) The aggregate amount of the Fair Value of the property to be released and of all other property released since the commencement

of the current calendar year, as set forth in the relevant Certificates of the Company, is \$.....

(6) The property to be released is [ *or is not* ] Funded Property.

(7) The Company is not in default in the performance of any of the covenants on its part to be performed under this Indenture.

(8) In our opinion, the proposed release will not impair the security under the Indenture in contravention of the provisions thereof.

Dated: ....., 19.....

(Not more than 45 days prior to the application)

SOUTHWEST GAS CORPORATION, LTD.

.....  
*President or Vice President*

.....  
*Treasurer or Assistant Treasurer*

(9) I certify that I concur in the opinions expressed in the foregoing Clauses (2), (4) and (8).

.....  
Engineer, as defined in § 1.03 of the Indenture.

*[If the foregoing Clauses (4) and (5) shall show that the Fair Value of the property to be released and of all other property released since the commencement of the then current calendar year is in excess of Fifty Thousand Dollars (\$50,000) but not otherwise, the foregoing Clause (9) shall be signed by an Independent Engineer selected by the Company and approved by the Trustee in the exercise of reasonable care.]*

C. CASH in an amount equal to the greater of the following Items (i) and (ii):

(i) The Fair Value, as certified pursuant to § 11.02B(4) of the property to be released, or

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(ii) the consideration received or to be received by the Company therefor (valuing purchase money obligations at their principal amount and property received in exchange at its Fair Value as stated in said certificate),

*provided however*, that, to the extent stated in Clauses (1) and (2) below, the Company shall have the right to deposit with or deliver to the Trustee in lieu of all or any part of such cash any of the following:

(1) PURCHASE MONEY OBLIGATIONS secured by a mortgage on the property to be released, or a portion thereof, maturing not more than ten years after the date of such deposit and not later than January 1, 1973, and not exceeding in principal amount sixty-six and two-thirds per cent. (66 $\frac{2}{3}$ %) of the Fair Value (as certified as above set forth) of the property covered by such purchase money mortgage, which purchase money obligations and the mortgages securing the same, shall be duly assigned to the Trustee and shall be received by the Trustee at the principal amount thereof in lieu of cash; *provided, however*, that the Trustee shall not accept any such purchase money obligations in lieu of cash as provided in this Clause in connection with the release of securities or in any case if thereby the then outstanding aggregate principal amount of all purchase money obligations received by the Trustee pursuant to this Clause and at the time held by the Trustee would equal or exceed ten per cent. (10%) of the principal amount of all Bonds then outstanding hereunder.

(2) A CERTIFICATE of the trustee or other holder of a prior lien on all or any part of the property to be released, stating that a specified amount of cash and/or a specified principal amount of purchase money obligations of the character described in Clause (1) of this Paragraph and representing proceeds of the sale of such property, have been deposited with such trustee or other holder pursuant to the requirements of such prior lien to obtain the release of such property from such prior lien, *provided, however*, that the aggregate of the cash and principal amount of purchase money obligations so certified at any one time shall in no event exceed the principal amount of the prior lien obligations outstanding thereunder; and such certificate shall be received by the

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Trustee in lieu of cash equal to the cash and the principal amount of the purchase money obligations so certified to have been deposited with such trustee or other holder of such prior lien.

D. AN OPINION OR OPINIONS OF COUNSEL,

(1) Stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustee to execute and deliver the release requested, and that, upon the basis of the cash, purchase money obligations, certificates, opinions and other instruments delivered to the Trustee pursuant to Paragraphs A, B and C of this § 11.02, the property so sold or disposed of or contracted to be sold or disposed of may lawfully be released from the lien of this Indenture pursuant to the provisions of this § 11.02.

(2) Stating that the purchase money obligations, if any, delivered to the Trustee or to the trustee or other holder of a prior lien pursuant to Clause (1) or (2) of Paragraph C of this § 11.02 are valid obligations and are duly secured by a valid purchase money mortgage constituting a direct lien upon all the property to be released, or upon the portion thereof described pursuant to Clause (3) of Paragraph B of this § 11.02, free and clear of all prior liens, charges or encumbrances, except any prior liens or other charges or encumbrances prior to the lien of this Indenture which may have existed on the property to be released immediately prior to such release and that the assignment of any mortgage securing such purchase money obligations is valid and in recordable form.

(3) In case, pursuant to Clause (2) of Paragraph C of this § 11.02, any cash or purchase money obligations shall be certified to have been deposited with the trustee or other holder of a prior lien, stating that the property to be released, or a specified portion thereof, is or immediately before such sale or disposition was subject to such prior lien and that such deposit is required by such prior lien.

(4) In case the sale or disposition of the property to be released shall have been certified, pursuant to Clause (2) of Paragraph B of this § 11.02, to be in lieu of and in reasonable anticipation of the taking

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of such property by the exercise of the power of eminent domain, stating that such property was sold or is to be sold in reasonable anticipation of the exercise of the power of eminent domain.

§ 11.03. If any part of the Trust Estate be taken by the exercise of the power of eminent domain, or if any state, municipality, or other governmental authority at any time exercises any right which it may then have to purchase any part of the Trust Estate, the Company, forthwith upon receipt, shall deposit the award for any property so taken by eminent domain and/or the proceeds of any such purchase with the Trustee, or, to the extent required, in the Opinion of Counsel, by the terms of a prior lien on all or any part of any property so taken or purchased, with the trustee or other holder of such prior lien. In the event of any such taking or purchase, the Trustee shall release the property so taken or purchased, but only upon receipt by and deposit with the Trustee of:

A. A RESOLUTION OF THE BOARD, requesting such release and describing the property so to be released.

B. A CERTIFICATE OF THE COMPANY, stating that such property has been taken by eminent domain and the amount of the award therefor, or that said property has been purchased by a state, municipality, or other governmental authority pursuant to a right vested in it to purchase such property and the amount of the proceeds of such purchase, and also stating whether any of such property was Funded Property.

C. The AWARD for said property or the PROCEEDS of such purchase; *provided, however*, that, in lieu of all or any part of such award or proceeds, the Company shall have the right to deliver to the Trustee a CERTIFICATE of the trustee or other holder of a prior lien on all or any part of the property to be released, stating that said award or proceeds, or such specified part thereof, has been deposited with such trustee or other holder pursuant to the requirements of such prior lien, in an amount not exceeding the principal amount of prior lien obligations secured thereby.

D. AN OPINION OF COUNSEL, stating

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(1) That such property has been duly taken by the exercise of the power of eminent domain, or has been duly purchased by a state, municipality or other governmental authority in the exercise of a right which it had to purchase such property, and that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustee to execute and deliver the release requested.

(2) The amount of the award for the property so taken by eminent domain or the amount of the proceeds of the property so purchased.

(3) In case, pursuant to the preceding Paragraph C, the award for said property, or the proceeds of such purchase or any portion thereof, shall be certified to have been deposited with the trustee or other holder of a prior lien, that the property to be released, or a specified portion thereof, is or immediately before such taking or purchase was subject to such prior lien, and that such deposit is required by such prior lien.

In any proceedings for the taking or purchase of any part of the Trust Estate by the exercise of eminent domain the Trustee may be represented by counsel, who may be counsel for the Company.

§ 11.04. In addition to the provisions of § 11.01 through § 11.03, inclusive, unless an Event of Default shall have happened and be continuing, the Company may at any time and from time to time, without any release or consent by the Trustee, sell, exchange or otherwise dispose of any part of the Trust Estate (except cash, securities, contracts or other personal property pledged or deposited with or required to be pledged or deposited with the Trustee hereunder) which shall no longer be useful, necessary, profitable or advantageous in the judicious management and maintenance of the Trust Estate or in the conduct of the business of the Company *provided* the aggregate of the Fair Values of the property so sold, exchanged or otherwise disposed of in any one calendar year shall not exceed Five Thousand Dollars (\$5,000).

The Company covenants that, upon the completion of any such sale, exchange or other disposition made pursuant to this § 11.04, it will deposit with the Trustee cash in an amount equal to the Fair Value of the property sold, exchanged or otherwise disposed of, *provided* that to the extent that such cash shall not exceed One Thousand Dollars (\$1,000) in the aggregate, deposit thereof may be postponed until May 1 of the next succeeding year. On or before May 1 of each year beginning with the year 1952, the Company shall deliver to the Trustee a Certificate of the Company briefly describing, and setting forth the Fair Value of, the property so sold, exchanged or otherwise disposed of since the date of the next preceding Certificate of the Company delivered to the Trustee pursuant to this § 11.04 (or in the case of the first such certificate, since the date of the execution and delivery hereof).

§ 11.05. The Company, while in possession of the Trust Estate (other than securities and cash held by the Trustee or by the trustee or other holder of a prior lien), may do any of the things enumerated in § 11.01 (except Clause (d) thereof), notwithstanding that an Event of Default shall have happened and shall not have been remedied, and may do any of the things enumerated in § 11.02, § 11.03 or § 11.04 notwithstanding that it is in default in the performance of a covenant on its part to be performed under this Indenture; if in each case the Trustee, in its discretion shall in writing expressly authorize or consent to such action, in which event the Certificate required by § 11.02B need not contain the statement required by Clause (7) thereof.

§ 11.06. In case the Trust Estate (other than securities and cash held by the Trustee or by the trustee or other holder of a prior lien) shall be in the possession of a receiver or trustee lawfully appointed, the powers in this Article conferred upon the Company with respect to the sale or other disposition and release of the Trust Estate may, to the extent permitted by applicable law, be exercised by such receiver or trustee (subject, in the cases specified in § 11.05, to authorization or consent of the Trustee as provided therein), in which case a written request signed by said receiver or trustee shall be deemed the equivalent of a Resolution required by § 11.02 or § 11.03 and a certificate signed by such



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receiver or trustee shall be deemed the equivalent of any Certificate of the Company required by any provision of this Indenture. If the Trustee shall be in possession of the Trust Estate (other than securities and cash held by the trustee or other holder of a prior lien) under any provision of this Indenture, then such powers may be exercised by the Trustee.

§ 11.07. No purchaser in good faith of property purportedly released hereunder or disposed of without release pursuant to § 11.01 or § 11.04 shall be bound to ascertain the authority of the Trustee to execute the release or to inquire as to any facts required by the provisions hereof for the exercise of such authority, or to see to the application of any consideration paid by such purchaser.

§ 11.08. If, while any of the 1973 Series Bonds shall be outstanding, all or substantially all of the property of the Company subject to the lien hereof shall be taken by the exercise of the power of eminent domain or be sold by the Company and released under the provisions of this Article, the Company will call for redemption and redeem all of the Bonds then outstanding thereunder, and if, while any of the 1973 Series Bonds shall be outstanding, all or substantially all of the property of the Company subject to the lien hereof in the municipalities of Barstow or Victorville shall be so taken or sold, the Company will apply the proceeds of such taking or sale to the redemption of the Bonds then outstanding hereunder. All cash and other property delivered to the Trustee on any such taking or release shall be held and applied to such redemption and shall not be subject to release under § 11.11, § 11.12, or § 11.13.

Upon any redemption pursuant to this § 11.08, the redemption price of the 1973 Series Bonds shall be the applicable price set forth in § 10.05, and the redemption price of all other series of Bonds shall be as set forth in the supplemental indenture creating the same. The Bonds of each series shall be called for redemption on the earliest practicable date on which they shall be redeemable after such property is so released.

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§ 11.09. All moneys received by the Trustee upon the release of property from the lien of this Indenture, including the principal of all purchase money obligations when paid, and all moneys received by the Trustee as compensation for any part of the Trust Estate taken by the exercise of the power of eminent domain or purchased by a public authority, and all moneys received by the Trustee as proceeds of the sale of or insurance upon any part of the Trust Estate, and all other moneys elsewhere herein provided to be held and applied as in this Article provided, and all moneys, if any (but in no event including Deposited Cash, as defined in § 6.03), received by the Trustee the disposition of which is not elsewhere herein otherwise specifically provided for (herein sometimes called "Trust Money", whether or not the same be Funded Cash), shall be held by the Trustee as a part of the Trust Estate, and, upon default in the payment of the principal of any of the Bonds when and as the same shall become due and payable, whether by the terms thereof or by declaration or otherwise, as herein provided, said moneys shall, unless and until such default shall be remedied, be applicable only to the purposes specified in, and in accordance with the provisions of, § 12.11; but, unless such a default shall have happened and shall not have been remedied, all or any part of said Trust Moneys, at the request and election of the Company, except as otherwise specifically provided herein, may be withdrawn from and shall be applied by the Trustee from time to time as provided in § 11.10, § 11.11, § 11.12, § 11.13 and § 11.15.

§ 11.10. In addition to the provisions of § 11.11, § 11.12 and § 11.13, any such Trust Moneys which are either (a) proceeds of insurance upon any part of the Trust Estate or (b) cash deposited pursuant to § 9.06 may be withdrawn on the basis of one hundred per cent. (100%) of the Gross Amount of Property Additions and shall be paid by the Trustee upon the Written Order of the Company at any time and from time to time, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the withdrawal and payment of a specified amount of Trust Moneys, designating the

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Trust Moneys so to be withdrawn and identifying the same as moneys subject to withdrawal pursuant to this § 11.10.

B. The CERTIFICATES, OPINIONS and OTHER INSTRUMENTS which the Company would be required to furnish to the Trustee upon an application for the authentication and delivery of Bonds on the basis of Property Additions under Article V, but with the following variations and omissions of the instruments specified in § 5.01:

(1) Clause (1) of the Certificate required by § 5.01B shall contain an additional statement to the effect that no part of the Property Additions therein described has been acquired by the Company more than

(i) one hundred twenty (120) days, in the case of any proceeds of insurance upon any of the Trust Estate, or

(ii) five (5) years and four (4) months, in the case of cash deposited pursuant to § 9.06,

prior to the date when the Trustee received the Trust Moneys the withdrawal of which is then requested.

(2) There shall be an additional statement in Clause (2) of the Certificate required by § 5.01B to the effect that no part of the Property Additions therein described has theretofore been used for any purpose of this Indenture; and said Certificate shall not contain the statements required by Clauses (9), (10) and (11) relating to Retirements; and by Clauses (12), (13), (14) and (18) relating to Net Earnings.

(3) It shall not be necessary for the Company to deliver to the Trustee the Resolution required by § 5.01A, any parts of the Opinion of Counsel referred to in § 5.01F (1), (6) and (7), or the Certificate required by § 5.01C, or the Supplemental Indenture required by § 5.01G.

(4) The summary required by § 5.01(B)(15) shall show only the Gross Amount of Property Additions.

(5) The certification required by § 5.01B (17) shall not include Clauses (9), (10) and (11) relating to Retirements.

(6) The Certificate required by § 5.01B shall contain an additional clause stating what part of the Trust Moneys to be withdrawn is Funded Cash.

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(7) The Opinion of Counsel required by § 5.01F shall contain an additional Clause stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustee to pay over the Trust Moneys applied for, and that the Trust Moneys the withdrawal of which is then requested may be lawfully paid over under this § 11.10.

Subject to the provisions of § 11.15, upon compliance with the foregoing provisions of this § 11.10, the Company shall be entitled to withdraw and the Trustee shall pay upon the Written Order of the Company an amount of Trust Moneys equal to one hundred per cent. (100%) of the Gross Amount of Property Additions so certified to the Trustee pursuant to Paragraph B of this § 11.10.

§ 11.11. Trust Moneys (other than moneys which are required under the provisions of § 11.08 to be applied to the redemption of Bonds) may be withdrawn on the basis of one hundred per cent. (100%) of the Net Amount of Property Additions and shall be paid by the Trustee on the Written Order of the Company at any time and from time to time, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD requesting the withdrawal and payment of a specified amount of Trust Moneys, and designating the Trust Moneys so to be withdrawn.

B. The CERTIFICATES, OPINIONS and OTHER INSTRUMENTS which the Company would be required to furnish to the Trustee, upon an application for the authentication and delivery of Bonds on the basis of a Net Amount of Property Additions under Article Five, but with the following variations and omissions of the instruments specified in § 5.01:

(1) There shall be an additional statement in Clause (2) of the Certificate required by § 5.01B to the effect that none of the Property Additions therein described has theretofore been used for any purpose of this Indenture; and said Certificate shall omit Clauses (12), (13), (14) and (18) relating to Net Earnings.

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In the case of Trust Moneys deposited with the Trustee pursuant to Granting Clause IV (herein called the "Initial Construction Fund Moneys") the same may be withdrawn on the basis of one hundred per cent. (100%) of the Net Amount of Property Additions made in connection with the following "Initial Construction Program", whether or not such Property Additions were acquired prior to the date of execution of this Indenture, and in such case there shall be an additional statement in Clause (1) of the Certificate required by § 5.01B to the effect that the Property Additions therein described are Property Additions made in connection with said Initial Construction Program:

The following additions in connection with the introduction of natural gas:

Barstow:

Connecting line  
Main extensions  
Reinforcements of present system

U. S. Marine Corps depot at Nebo:

Connecting line and main extensions en route to depot

George (U. S. Air Force) Base at Victorville:

Connecting line  
Main extensions

Victorville:

Connecting line from Air Base to community  
Main extensions

Conversion of customers' appliances

; Clause (2) of said Certificate required by § 5.01B may be qualified by the statement: "except that such Property Additions may constitute Funded Property by reason of the fact that they were owned by the Company on the date of execution of the Indenture or through the operation of the provisions of § 1.08 (h)"; and an additional statement shall be added to said Certificate to the effect that the Initial Construction Fund Moneys remaining on deposit with the Trustee will be sufficient to enable the Company to complete the above Initial Construction Program.

(2) It shall not be necessary for the Company to deliver to the Trustee the Resolution required by § 5.01A, or the Supplemental

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Indenture required by § 5.01G, or any of the certificates or parts of the Opinion of Counsel referred to in § 5.01F (1), (6) and (7) and the Certificate required by § 5.01C shall omit Clause (2) thereof.

(3) The Certificate required by § 5.01B shall contain an additional Clause stating what part of the Trust Moneys to be withdrawn is Funded Cash.

(4) The Opinion of Counsel required by § 5.01F shall contain an additional Clause stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustee to pay over the Trust Moneys applied for, and that upon the basis of the acquisition of the Property Additions described in the Certificate delivered to the Trustee pursuant to this Paragraph B, the Trust Moneys the withdrawal of which is then requested may be lawfully paid over under this § 11.11.

Subject to the provisions of § 11.15, upon compliance with the foregoing provisions of this § 11.11, the Company shall be entitled to withdraw and the Trustee shall pay upon the Written Order of the Company an amount of Trust Moneys equal to one hundred per cent. (100%) of the Net Amount of Property Additions so certified to the Trustee pursuant to Paragraph B of this § 11.11.

§ 11.12. Trust Moneys (other than (i) moneys which are required under the provisions of § 11.08 to be applied to the redemption of Bonds and (ii) moneys deposited pursuant to Granting Clause IV) may be withdrawn on the basis of the retirement of Bonds and shall be paid by the Trustee upon the Written Order of the Company at any time and from time to time, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the withdrawal and payment of a specified amount of Trust Moneys, and designating the Trust Moneys so to be withdrawn.

B. The BONDS, CERTIFICATES, OPINIONS and OTHER INSTRUMENTS which the Company would be required to furnish to the Trustee upon an application for the authentication and delivery of Bonds under

Article VII, but with the following variations or omissions of the instruments specified in § 7.01:

(1) The Certificate required by § 7.01B shall contain an additional statement to the effect that all of the Bonds which are then made the basis of the withdrawal of such Trust Moneys are Bonds which were originally issued by the Company by way of *bona fide* sale, other than to an Affiliate of the Company.

(2) In the case of an application for the withdrawal of cash other than Funded Cash, Clause (2) (a) of the Certificate required by § 7.01B may omit the statement that the Bonds which are then made the basis for the withdrawal of the Trust Moneys then applied for do not include any Bond which has theretofore been used by the Company for any purpose of this Indenture, if in lieu thereof such Clause (2) (a) shall state that such Bonds do not include any Bond, the retirement of which, in any other previous or pending application or certificate, has been made the basis for the authentication and delivery of a Bond or the withdrawal of Funded Cash from the Trustee or which has been purchased, paid, redeemed or otherwise retired out of Funded Cash.

(3) It shall not be necessary for the Company to deliver to the Trustee the Resolution required by § 7.01A or the Opinion of Counsel required by § 7.01E or the data relating to Net Earnings required by § 7.01B(4) and (5) or the Certificate required by § 7.01C, the Certificate and Other Evidence required by § 7.01D or the Supplemental Indenture required by § 7.01G.

(4) The Certificate required by § 7.01B shall contain an additional Clause stating what part of the Trust Moneys to be withdrawn is Funded Cash.

C. AN OPINION OR OPINIONS OF COUNSEL stating that the instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustee to pay over the Trust Moneys applied for, and that, upon the basis of the retirement (or provision therefor) of the Bonds then made the basis of the withdrawal of such Trust Moneys pursuant to Paragraph B of this § 11.12, such Trust Moneys may be lawfully paid over under this § 11.12.

Subject to the provisions of § 11.15, upon compliance with the foregoing provisions of this § 11.12, the Company shall be entitled to withdraw and the Trustee shall pay upon the Written Order of the Company an amount of Trust moneys equal to the principal amount of the Bonds then made the basis of such withdrawal of Trust Moneys pursuant to Paragraph B of this § 11.12.

§ 11.13. Trust Moneys (other than moneys which are required under the provisions of § 11.08 to be applied to the redemption of Bonds) may be applied by the Trustee at any time and from time to time to the payment of the principal of Bonds upon redemption prior to maturity or upon the purchase of Bonds upon tender or in the open market or at private sale or upon any securities exchange or in any one or more of said ways, as the Company shall determine, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the application pursuant to the provisions of this § 11.13 of a specified amount of Trust Moneys, designating the Trust Moneys so to be applied, and specifying the principal amount of Bonds and the series thereof to be redeemed and the redemption price (the redemption price of the 1973 Series Bonds shall be the applicable price set forth in § 10.05, except in the case of cash deposited pursuant to the provisions of § 9.06, in which case the redemption price of the 1973 Series Bonds shall be the applicable price set forth in § 10.06, and the redemption price of all other series of Bonds shall be as set forth in the respective supplemental indentures creating the same), or, in case such moneys are to be applied to the purchase of Bonds, prescribing the method of purchase, the price or prices to be paid, which price or prices shall not exceed the then current redemption price (the redemption price of the 1973 Series Bonds shall be the applicable price set forth in § 10.05, and the redemption price of all other series of Bonds shall be as set forth in the Supplemental Indenture creating the same), and the maximum principal amount of Bonds and the series thereof to be purchased.

In the case of Trust Moneys deposited with the trustee pursuant to Granting Clause IV, such Trust Moneys shall be applied only to the redemption of the 1973 Series Bonds, and the redemption price shall be the applicable price set forth in § 10.05.



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B. CASH sufficient in the opinion of the Trustee to cover the amount of the accrued interest and premium, if any, required to be paid in connection with any such redemption or purchase, which cash shall be held by the Trustee in trust for such purpose, and, to the extent not required for such purpose, shall be repaid to the Company.

C. A CERTIFICATE OF THE COMPANY,

(1) Stating what part of the Trust Moneys so to be applied is Funded Cash.

(2) Stating that all Bonds so to be redeemed or purchased were originally issued by the Company by way of *bona fide* sale to a person other than an Affiliate.

(3) Stating that the Company is not in default in the performance of any of the covenants on its part to be performed under this Indenture.

D. AN OPINION OF COUNSEL, stating that it is proper for the Trustee, under the provisions of this § 11.13, to apply Trust Moneys in accordance with such Resolution of the Board.

Subject to the provisions of § 11.15, upon compliance with the foregoing provisions of this § 11.13, the Trustee shall apply Trust Moneys as requested by said Resolution of the Board for the purpose of purchasing or redeeming Bonds, using the cash deposited pursuant to Paragraph B of this § 11.13, to the extent necessary, to pay any accrued interest and premium or excess over the principal amount of the Bonds purchased, in connection with any such redemption or purchase.

§ 11.14. Wherever in this Indenture provision is made for the deposit of cash with the Trustee which is subject to disposition as provided in this Article XI such cash need not actually be deposited if and to the extent that the Company shall at the time furnish to the Trustee all items necessary to withdraw such cash pursuant to the provisions of this Article XI. In such event, however, such cash shall, for the purposes of any reference in this Indenture to cash deposited with or received by the Trustee or withdrawn, be deemed to have

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been actually deposited with the Trustee and released or applied by it pursuant to this Article XI.

§ 11.15. Whenever any Trust Moneys (other than cash deposited pursuant to the provisions of § 9.06) shall not have been applied as provided in this Article XI within two (2) years after the receipt thereof by the Trustee, and whenever any cash deposited pursuant to the provisions of § 9.06 shall not have been applied as provided in this Article XI within five (5) years and four (4) months after the receipt thereof by the Trustee, such cash, unless it shall amount to less than Fifty Thousand Dollars (\$50,000) shall be applied to the redemption of Bonds pro rata as between the several series of Bonds then outstanding which are redeemable, in the ratio of the respective aggregate principal amounts of each such series outstanding at the aforesaid time. In case such Trust Moneys shall be applied to redemption of Bonds, redemption shall be effected at such then applicable redemption prices as if such redemption were effected solely by the Company's exercise of its reserved right of redemption, in such manner and upon such notice as may be specified in respect of said Bonds of each series in this Indenture or in any applicable indenture supplemental hereto, the 1973 Series Bonds to be redeemed at the then applicable redemption prices specified in § 10.05.

§ 11.16. All Bonds and their accompanying coupons delivered uncancelled to the Trustee and on the basis of which Trust Moneys are paid over, or for whose redemption or purchase Trust Moneys are applied, under this Article, when received by the Trustee, shall be immediately cancelled and thereafter cremated if in coupon form not registered as to principal.

## ARTICLE XII.

### REMEDIES OF THE TRUSTEE AND BONDHOLDERS.

§ 12.01. In case any coupon or claim for interest on any of the Bonds hereby secured shall have been funded or extended by or with the consent of the Company, such coupon or claim for interest so funded or extended shall

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not be entitled, in case of default hereunder, to the benefit or security of this Indenture, except subject to the prior payment in full of the principal of all the Bonds that shall be outstanding and of all coupons and claims for interest thereon that shall not have been so funded or extended. If any coupons or claims for interest on any of the Bonds at or after maturity shall be owned by the Company, then such matured coupons or claims for interest shall not be entitled to the benefit or security of this Indenture; and the Company covenants that all such coupons and claims for interest so owned by it at or after their maturity shall promptly be cancelled.

§ 12.02. If one or more of the following events (herein called "*Events of Default*") shall happen, that is to say:

(a) default shall be made in the payment of any installment of interest on any Bond issued hereunder when and as the same shall become payable as therein and herein expressed and such default shall continue for the period of thirty (30) days; or

(b) default shall be made in the payment of the principal of any Bond issued hereunder when the same shall become due and payable either by the terms thereof or otherwise as herein provided; or

(c) default shall be made in the observance or performance of any covenant, condition or agreement on the part of the Company contained in § 8.13, § 8.14, § 8.15, § 8.16, § 9.01, § 9.02 or § 9.06; or

(d) default shall be made in the observance or performance of any other of the covenants and agreements and conditions on the part of the Company in the Bonds hereby secured or in this Indenture contained and such default shall continue for the period of thirty (30) days after written notice specifying such default shall have been given to the Company by the Trustee, or to the Company and the Trustee by the holders of twenty-five per cent. (25%) in principal amount of the Bonds then outstanding; or

(e) default shall be made in the performance of any covenant contained in any mortgage or other instrument of trust constituting

a lien securing indebtedness in excess of Twenty-five Thousand Dollars (\$25,000) on any part of the Trust Estate in priority to this Indenture, and by a reason of such default any right of entry or right of action for the enforcement of the security afforded thereby shall accrue and such default shall continue for a period of ten (10) days after written notice thereof given to the Company by the Trustee, or to the Company and the Trustee, by the holders of not less than twenty-five per cent. (25%) in principal amount of the Bonds at the time outstanding, specifying the prior lien with respect to which such default shall have occurred and requiring the same to be remedied; or

(f) either the Company shall make an assignment for the benefit of its creditors, or a petition shall be filed voluntarily, or filed and consented to, or filed and not dismissed within sixty (60) days, seeking an order of the character mentioned below, or such an order shall be made by a court of competent jurisdiction and be in effect for sixty (60) days from the date of entry thereof:

(i) an order adjudicating the Company a bankrupt, or

(ii) an order appointing a trustee or receiver of the Company or of any substantial part of its properties by reason of insolvency or bankruptcy, or

(iii) an order approving a petition for an arrangement in bankruptcy, a reorganization pursuant to the Federal Bankruptcy Act or any other judicial modification or alteration of the rights of the holders of the Bonds or of other creditors of the Company, or

(iv) an order effecting such an arrangement, reorganization, modification or alteration; or

(g) final judgment for the payment of money in excess of Twenty-five Thousand Dollars (\$25,000) shall be rendered against the Company and the Company shall not discharge the same or cause it to be discharged or a stay of execution thereon or supersedeas to be procured within sixty (60) days from the entry thereof, or if such judgment shall remain unsatisfied for a period of fifteen (15) days after the termination of any such stay of execution thereon or supersedeas;

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then, and in every such case, if such default or defaults shall not have been remedied, the Trustee, by notice in writing to the Company, may, and upon the written request of the holders of at least a majority in principal amount of the Bonds then outstanding shall, and the holders of at least twenty-five per cent. (25%) in principal amount of the Bonds then outstanding may, by notice in writing to the Trustee and the Company, declare the principal of and interest on all the Bonds to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. The right to declare principal and interest due and payable is subject, however, to the condition that if, at any time after such declaration, but before any sale of the Trust Estate, or any part thereof, shall have been made under this Article XII, all overdue installments of interest upon all the Bonds, with interest (to the extent that payment of such interest is enforceable under applicable law) on overdue principal and installments of interest at the rate of six per cent. (6%) per annum, together with all sums paid or advanced by the Trustee under any provision hereof and the reasonable and proper charges, expenses and liabilities of the Trustee, its agents, attorneys and counsel, and all other sums payable by the Company hereunder, except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration, shall either be paid by or for the account of the Company or provision satisfactory to the Trustee shall be made for such payment, and all Events of Default hereunder shall be remedied, then, and in every such case, the holders of at least a majority in principal amount of the Bonds then outstanding, by written notice to the Company and to the Trustee, may rescind and annul such declaration in its entirety; but no such action shall extend to or affect any subsequent default or impair any right consequent thereon.

§ 12.03. In case one or more of the Events of Default shall happen and shall not have been remedied, then, and in every such case, the Trustee, personally or by agents or attorneys, may enter into and upon all or any part of the Trust Estate (including the books, papers and financial records

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of the Company, but excluding money, securities and property deposited or pledged, or required by the terms hereof to be deposited or pledged, with the trustee, mortgagee or other holder of some prior lien), and may exclude the Company, its agents and servants, and all persons claiming under the Company, wholly or partly therefrom; and having and holding the same, may use, operate, manage and control the Trust Estate and conduct the business thereof, by superintendents, managers, receivers, agents, servants and/or attorneys. Upon every such entry, the Trustee may, from time to time, at the expense of the Trust Estate, make all such repairs, renewals, replacements and useful or required alterations, additions, betterments and improvements to and on the Trust Estate, as to it may seem necessary, proper or judicious. In each such case, the Trustee shall have the right to manage the Trust Estate and to carry on the business and to exercise all rights and powers of the Company, either in the name of the Company, or otherwise, as the Trustee shall deem best, and the Trustee shall be entitled to collect and receive all earnings, income, rents, issues and profits of the same and every part thereof, without prejudice, however, to any right of the Trustee as provided in Article XI to collect and receive all income from money, obligations or other property deposited or pledged, or required by the terms hereof to be deposited or pledged, with the Trustee. Such earnings, income, rents, issues and profits shall be applied to pay the expenses of holding and operating the Trust Estate and of conducting the business thereof, and of all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements, and to make all payments which the Trustee may be required or may elect to make, if any, for taxes, assessments, insurance and other prior or proper charges upon the Trust Estate or any part thereof (including interest on and principal of prior lien obligations); and to set up such reasonable reserves as the Trustee may deem advisable for taxes, assessments, interest and other prior or proper charges, and to make all other payments which the Trustee may be required or authorized to make under any provision of this Indenture, as well as just and reasonable compensation for the services of the Trustee, and of all superintendents, managers,

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receivers, agents, attorneys, counsel, servants and other employees engaged and employed in conducting the business of the Company, and to employ engineers or accountants to investigate and make reports upon the business and affairs of the Company. The remainder of such income, rents, issues and profits shall be applied as follows:

In case the principal of the Bonds then outstanding shall not have become due and be unpaid, to the payment of the interest in default, in the order of the maturity of the installments of such interest, with interest (to the extent that payment of such interest is enforceable under applicable law) on overdue installments of interest at the rate of six per cent. (6%) per annum; such payments to be made ratably to the persons entitled thereto without discrimination or preference, subject, however, to the provisions of § 12.01.

In case the principal of any of the Bonds then outstanding shall have become due, by declaration or otherwise, and shall be unpaid, first to the payment of the accrued interest on the principal in the order of the maturity of the installments of such interest (treating for this purpose each semi-annual accrual of interest on overdue Bonds as an installment of interest), with interest (to the extent that payment of such interest is enforceable under applicable law) on overdue principal and installments of interest at the rate of six per cent. (6%) per annum; and then to the payment of the whole amount due and unpaid upon the principal of the Bonds; in every instance such payments to be made ratably to the persons entitled to such payments without any discrimination or preference, subject, however, to the provisions of § 12.01.

If and whenever, prior to any sale of the Trust Estate, or any part thereof, all overdue installments of interest upon all the Bonds, with interest (to the extent that payment of such interest is enforceable under applicable law) on overdue principal and installments of interest at the rate of six per cent. (6%) per annum, together with all sums paid or advanced by the Trustee under any provision hereof and the reasonable and proper charges, expenses and liabilities of the Trustee, its agents, attorneys and counsel, and all other sums then payable by the Company hereunder, including

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the principal of and all accrued unpaid interest on all Bonds which shall then be payable, by declaration (unless such declaration shall have been annulled, pursuant to § 12.02) or otherwise, shall either be paid by or for the account of the Company or provision satisfactory to the Trustee shall be made for such payment, and all Events of Default hereunder shall be remedied, the Trustee shall surrender to the Company, its successors or assigns, the possession of the Trust Estate (except money, securities or property deposited or pledged, or required by the terms hereof to be deposited or pledged, with the Trustee), and shall pay over upon the Written Order of the Company the amount, if any there be, of any earnings, income, rents, issues and profits of the Trust Estate then remaining unexpended in the hands of the Trustee and thereupon the Company and the Trustee shall be restored to their former positions and rights hereunder in respect of the Trust Estate, but no such surrender shall extend to or affect any subsequent default or impair any right consequent thereon.

In case one or more Events of Default shall happen and shall not have been remedied, the Trustee shall collect and receive all dividends on any stock and all sums payable for interest on any obligations or indebtedness held by the Trustee hereunder, and the Trustee shall cancel and revoke all assignments and orders in respect thereof in favor of the Company or its nominee, and all moneys so received by the Trustee shall, prior to any sale of the Trust Estate under this Indenture, be applied to any one or more of the purposes to which income from the Trust Estate may be applied as provided in this § 12.03, and upon any such sale any moneys so received by the Trustee and remaining unexpended in its hands shall be held and applied in the same manner as the proceeds of such sale; but in every such case, after the rights of the Company shall have been restored as in this § 12.03 provided, the right of the Company to receive and collect interest and dividends to the extent set forth in § 11.01, and the duty of the Trustee to execute and deliver assignments and orders for the same as provided in § 11.01, shall revive and continue as though no Event of Default had occurred; and the Trustee shall pay over upon the Written Order of the Company the amount, if any there be, of any such interest or dividends



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collected or received by the Trustee and then remaining unexpended in its hands.

§ 12.04. In case one or more of the Events of Default shall happen and shall not have been remedied, the Trustee, by agents or attorneys, with or without entry, if the Trustee shall deem it advisable

(a) may to the extent permitted by applicable law sell to the highest bidder all and singular the Trust Estate, such sale to be made at public auction at such place or places and at such time or times and upon such terms as the Trustee may fix in compliance with law and briefly specify in the notice of sale to be given as herein provided or as may be required by law; or

(b) may proceed to protect and enforce its rights and the rights of the Bondholders under this Indenture, by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for the foreclosure of this Indenture or for the enforcement of any other legal or equitable right, as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties hereunder.

§ 12.05. Upon the written request of the holders of at least a majority in principal amount of the Bonds then outstanding, in case of the happening of any Event of Default, if the same shall not have been remedied, it shall be the duty of the Trustee to take all such steps for the protection and enforcement of its rights and the rights of the holders of the Bonds, or to take such appropriate judicial proceedings as the Trustee, being advised by counsel, shall deem most expedient in the interest of the holders of the Bonds.

§ 12.06. Notice of any sale under the power of sale herein granted shall state the time when and the place where the same is to be made, and shall contain a brief description of the property to be sold, and shall be sufficiently given if published once in each of four successive calendar weeks prior to such sale in one Authorized Newspaper in each County in which any of such property is located (upon any day of the week and in any such

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newspaper, the first publication to be made not less than thirty (30) days nor more than forty (40) days prior to such sale), and in such other manner as may be required by law.

§ 12.07. The Trustee may from time to time adjourn any sale to be made under the power of sale granted by this Indenture, by announcement at the time and place appointed for such sale or for any adjournment thereof; and without further notice or publication except such as may be required by applicable law, may make such sale at the time and place to which the same shall have been so adjourned.

§ 12.08. Upon the completion of any sale or sales under this Indenture, the Trustee shall execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or deeds of conveyance, and such other instruments as in the judgment of the Trustee may be desirable or proper, conveying, assigning and transferring the properties and rights sold; and the Trustee hereunder at such time is hereby irrevocably appointed the true and lawful attorney of the Company, in its name and stead, to make all necessary deeds and conveyances of the property thus sold; and for that purpose the Trustee may execute all necessary deeds and instruments of assignment and transfer, the Company hereby ratifying and confirming all that its said attorneys shall lawfully do by virtue hereof.

Any such sale or sales made under or by virtue of this Indenture, whether under the power of sale herein granted or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company of, in and to the property so sold, and shall be a perpetual bar, both at law and in equity, against the Company, its successors and assigns, and against any and all persons claiming or who may claim the property sold, or any part thereof, from, through or under the Company, its successors or assigns.

The receipt of the Trustee or of the court officer conducting any such sale shall be a full and sufficient discharge to any purchaser of any property sold as aforesaid, for the purchase money; and no such purchaser, or his

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representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Indenture, or in any manner whatsoever be answerable for any loss, misapplication or non-application of any such purchase money or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

§ 12.09. In the event of any sale under this Article, whether made under the power of sale herein granted or by virtue of judicial proceedings, the whole of the Trust Estate shall (if permitted under applicable law) be sold in one parcel and as an entirety, unless either (i) the holders of at least a majority in principal amount of the Bonds then outstanding shall in writing request the Trustee to cause said property to be sold in parcels, in which case (to the extent permitted by applicable law) the sale shall be made in such parcels as may be specified in such request, or (ii) such sale as an entirety is impracticable by reason of some statute or other cause.

§ 12.10. In case of any sale of the Trust Estate, or any part thereof, under this Article, whether made under the power of sale herein granted, or by virtue of judicial proceedings, the principal of and accrued interest on all the Bonds then outstanding, if not already due, shall immediately become due and payable, anything in the Bonds or this Indenture to the contrary notwithstanding.

§ 12.11. The purchase money, proceeds and avails of any such sale shall be applied as follows:

*First:* To the payment of the costs and expenses of such sale, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and of all charges, expenses and liabilities incurred (and all advances made) without negligence or bad faith by the Trustee in managing and maintaining the Trust Estate or in executing any trust or power hereunder, and, if in conformity with applicable law, to the payment of all taxes, assessments or

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liens prior to the lien of this Indenture, except any taxes, assessments or other superior liens subject to which such sale shall have been made;

*Second:* To the payment of the whole amount then due and unpaid upon the Bonds then outstanding, for the principal and interest, with accrued interest on the principal, and with interest (to the extent that payment of such interest is enforceable under applicable law) on the overdue installments of interest at the rate of six per cent. (6%) per annum; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Bonds, 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 series of the Bonds over any other series of the Bonds, ratably according to the aggregate so due for such principal and the accrued and unpaid interest, at the date fixed by the Trustee for the distribution of such moneys, *subject, however,* to the provisions of § 12.01; and

*Third:* The surplus, if any, shall be paid to the Company, its successors or assigns, or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Any other sums which may be held by the Trustee as part of the Trust Estate at the time of such application of the purchase money, proceeds and avails of any such sale, as aforesaid, shall be applied together with such purchase money, proceeds and avails, in the manner provided in the foregoing Paragraphs First, Second and Third, but shall not be separately so applied.

§ 12.12. In case of any sale as aforesaid of the Trust Estate or any part thereof, any purchaser shall be entitled, for the purpose of making settlement or payment for the property purchased, to use and apply any Bonds then outstanding and any matured and unpaid coupons and claims for interest, in order that there may be credited thereon the sums payable out of the net proceeds of such sale to the holder of such Bonds and coupons and claims for interest, subject to the provisions of § 12.01, as its ratable

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share of such net proceeds; and thereupon such purchaser shall be credited, on account of such purchase price, with the portion of such net proceeds that shall be applicable to the payment of, and that shall have been credited upon, the Bonds and coupons and claims for interest so used and applied; and at any such sale, any Bondholder or the Trustee may bid for and purchase the property offered for sale, may make payment on account thereof as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability therefor.

§ 12.13. Upon filing a bill in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled to exercise any and all other rights and powers herein conferred and provided to be exercised by the Trustee upon the occurrence of an Event of Default.

§ 12.14. The Company covenants that

(1) in case default shall be made in the payment of any interest on any Bond when and as the same shall become due and payable, and any such default shall have continued for a period of thirty (30) days, or

(2) in case default shall be made in the payment of the principal of any Bond when and as the same shall become due and payable, whether by the terms thereof or otherwise as herein provided,

then, and upon demand of the Trustee, the Company will pay to the Trustee for the benefit of the holders of the Bonds and coupons in respect of which such default shall be made, the whole amount due and payable on all such Bonds and coupons, for principal and interest, including the redemption price of any Bonds called for redemption, with accrued interest on the principal and, to the extent that the same is enforceable under applicable law, interest at the rate of six per cent. (6%) per annum on the overdue installments of interest; and in case the Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name, and as trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

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To the extent permitted by applicable law, the Trustee shall be entitled to recover judgment as aforesaid either before, after or during the pendency of any proceedings for the enforcement of the lien of this Indenture, and the right of the Trustee to recover such judgment shall not be affected by any entry or sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture or the foreclosure of the lien hereof. In case of a sale of the Trust Estate and the application of the proceeds of sale to the payment of the Bonds, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon any and all of the Bonds and coupons then outstanding, for the benefit of the holders thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest. No recovery of any such judgment by the Trustee shall in any manner or to any extent affect the lien of the Trustee or of this Indenture upon the Trust Estate or any part thereof or any rights, powers or remedies of the Trustee hereunder or any rights, powers or remedies of the holders of the Bonds; but such lien, rights, powers and remedies shall continue unimpaired as before.

All moneys collected by the Trustee under this § 12.14 shall be applied as follows:

*First:* To the payment of the costs and expenses of the proceedings resulting in the collection of such moneys, including counsel fees, and of the charges, expenses and liabilities incurred and all advances made by the Trustee, without negligence or bad faith, in theretofore managing and maintaining the Trust Estate or in executing any trust or power hereunder; and

*Second:* To the payment of the amounts then due and unpaid upon the Bonds and coupons in respect of which, or for the benefit of which such moneys shall have been collected, ratably and without any preference or priority of any kind (except as provided in § 12.01) according to the amounts due and payable upon such Bonds and coupons, respectively, at the date fixed by the Trustee for the distribution of such moneys.

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The provisions of this § 12.14 and the powers by it granted to the Trustee are subject to the limitation that, if by the commencement of any action to recover judgment for any amount due and unpaid upon the Bonds or upon coupons appertaining to Bonds or hereunder, or by the exercise of any other remedy prior to or concurrently with proceedings to enforce the lien of this Indenture, the lien of this Indenture or the security hereby provided for would be surrendered, waived or lost, despite the foregoing provisions of this § 12.14, the Trustee shall not have power to commence such action or so to exercise such other remedy.

§ 12.15. No holder of any Bond or coupon issued hereunder shall have any right to institute any suit, action or proceeding at law or in equity for the foreclosure of this Indenture, for the execution of any trusts hereunder or for the appointment of a receiver or for any other remedy hereunder, unless

(a) such holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default, as hereinbefore provided; and

(b) the holders of at least twenty-five per cent. (25%) in principal amount of the Bonds then outstanding shall have filed a written request with the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in the name of the Trustee; and

(c) said holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred by compliance with such request; and

(d) the Trustee shall have refused or omitted to comply with such request after reasonable opportunity so to do, and said tender of indemnity shall have been made to the Trustee.

Such notification, request and tender of indemnity are hereby declared, in every case, at the option of the Trustee, but subject to the provisions of § 15.01, to be conditions precedent to any action, or cause of action, by any Bondholder for foreclosure or for the execution of any trusts hereunder or for the appointment of a receiver or for any other remedy hereunder; it

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being understood and intended that no one or more holders of Bonds or coupons shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the lien of this Indenture or to enforce any right hereunder, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of the outstanding Bonds and coupons (subject to the provisions of § 12.10).

It is, however, expressly *provided* that nothing in this Indenture or in the Bonds or in the coupons contained shall affect or impair the obligation of the Company, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective holders of the Bonds and coupons, or affect or impair the right of action, which is also absolute and unconditional, of such holders to enforce such payment. Neither enforcement by any such holder of such right of action in respect of any Bond or coupon nor entry of any judgment thereon shall in any manner or to any extent affect the lien of the Trustee upon the Trust Estate or any part thereof, or any rights, powers or remedies hereunder of the Trustee or of the holders of the Bonds, except to the extent if any that the rights, powers or remedies of such holder with respect to such Bond or coupon may under applicable law be affected thereby.

§ 12.16. Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the Trustee or to the holders of Bonds is intended to be exclusive of any other remedy but each and every such remedy shall, to the extent permitted by applicable law, be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

§ 12.17. No delay or omission of the Trustee, or of any holder of Bonds, to exercise any right or power arising upon the happening of any Event of Default shall impair any right or power or shall be construed to



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be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Bondholders, may, subject to the provisions of § 12.15, be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The Trustee shall be entitled and empowered either in its own name and as trustee of an express trust, or as attorney-in-fact for the holders of the Bonds and the holders of the coupons, or in any one or more such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the holders of Bonds and of the coupons allowed in any equity receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or other similar proceedings, or in any judicial proceedings, relative to the Company or to any other obligor upon the Bonds or to their respective creditors or property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Bonds and of the coupons, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Bonds and coupons, with authority to make or file in the respective names of the holders of the Bonds and/or coupons, or on behalf of all the holders of the Bonds and/or coupons as a class (subject to deduction from any such claim of the amounts of any claim filed by any of the holders of the Bonds and/or coupons themselves), any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any other papers and documents and do and perform any and all acts and things for and on behalf of such holders of the Bonds and/or coupons, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims

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of the holders of the Bonds and coupons against the Company or any other obligor upon the Bonds and/or their respective properties allowed in any such proceeding, and to receive payment of or on account of such claims; *provided, however,* that nothing herein contained shall be deemed to authorize or empower the Trustee to consent to or accept or adopt, on behalf of any Bondholder, any plan of reorganization or readjustment of the Company affecting the Bonds.

§ 12.18. The Trustee shall have power to institute and to maintain such suits and proceedings as it may be advised by counsel shall be necessary or expedient to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as it may be advised by counsel shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders in respect of the Trust Estate and in respect of the income, earnings, issues and profits arising therefrom, but nothing herein contained shall be deemed to limit the duties and obligations of the Trustee set forth in § 15.01.

Upon filing a bill in equity or upon other commencement of judicial proceedings by the Trustee, to enforce any right under this Indenture, the Trustee shall be entitled, to the extent permitted by law, to exercise the right of entry, and also any and all rights and powers herein conferred and provided to be exercised by the Trustee upon the occurrence and continuance of any Event of Default; and as a matter of right, the Trustee shall be entitled to the appointment of a receiver of the Trust Estate (other than securities and cash held by the Trustee or by the trustee or other holder of a prior lien), and of the earnings, revenue, rents, issues, profits and other income thereof and therefrom, with all such powers as the court or courts making such appointment shall confer; but notwithstanding the appointment of any receiver the Trustee shall be entitled, as pledgee, to continue to retain possession and control of any stocks, bonds, cash and indebtedness pledged or deposited or provided to be pledged or deposited with the Trustee hereunder.

§ 12.19. In case the Trustee shall have proceeded to enforce any right under this Indenture by foreclosure, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been

determined adversely to the Trustee, then, and in every such case, the Company and the Trustee shall without further act be restored to their former positions and rights hereunder in respect of the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken.

§ 12.20. Anything contained in this Indenture to the contrary notwithstanding, the holders of at least a majority in principal amount of the Bonds at the time outstanding shall have the right, at any time, by instrument or instruments in writing executed and delivered to the Trustee, to direct the method, time and place of conducting all proceedings to be taken for any sale of the Trust Estate or for the foreclosure of this Indenture or for the appointment of a receiver or any other proceedings hereunder; *provided, however*, that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture; and that the Trustee shall have the right to decline to follow any such direction which in its opinion would be unjustly prejudicial to Bondholders not parties to such direction, but, subject to the provisions of § 15.01, shall be fully protected with respect to any action taken or omitted by it in good faith in accordance with such direction.

§ 12.21. The Company agrees, to the full extent that it may lawfully so agree, that it will not at any time insist upon or plead or in any manner whatever claim or take the benefit or advantage of any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Indenture or the absolute sale of the Trust Estate or the possession thereof by any purchaser at any sale made pursuant to any provision hereof, or pursuant to the decree of any court of competent jurisdiction; but the Company, for itself and all who may claim through or under it, so far as it now or hereafter lawfully may, hereby waives the benefit of all such laws. The Company, to the full extent that it may lawfully do so, for itself and all who may claim through or under it, waives any and all right to have the property included in the Trust Estate marshalled upon

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any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may sell the Trust Estate as an entirety.

If any law in this § 12.21 referred to and now in force, of which the Company or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions of this § 12.21.

§ 12.22. No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any indenture supplemental thereto, or in any Bond or coupon hereby secured, or because of any indebtedness hereby secured, shall be had against any incorporator, or against any past, present or future stockholder, officer or director, as such, of the Company or of any successor corporation, either directly or through the Company or any successor corporation 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; it being expressly agreed and understood that this Indenture, any indenture supplemental hereto and the obligations hereby secured, are solely corporate obligations, and that no personal liability whatever shall attach to, or be incurred by, such incorporators, stockholders, officers or directors, as such, of the Company or of any successor corporation, or any of them, because of the incurring of the indebtedness thereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any indenture supplemental thereto or in any of the Bonds or coupons thereby secured, or implied therefrom.

§ 12.23. No Bonds owned or held by, for the account of or for the benefit of the Company or any other obligor on the Bonds (other than Bonds pledged to secure an obligation) shall be deemed entitled to share in any payment or distribution provided in this Article XII.

§ 12.24. The parties to this Indenture and the Bondholders agree that 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 or omitted by it, the Court may in its discretion require the filing by any party litigant in such suit of an undertaking to pay the cost of such suit, and that such Court may in its discretion assess reasonable costs, including reasonable attorney's 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; *provided, however*, that the provisions of this § 12.24 shall not apply to any suit instituted by the Trustee either directly or through an agent or agents, or to any suit instituted by any Bondholder, or group of Bondholders, holding in the aggregate more than ten per cent. (10%) in principal amount of the Bonds at the time outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on his Bonds at and after the maturity of such principal or interest.

### ARTICLE XIII.

#### SUPPLEMENTAL INDENTURES.

§ 13.01. The Company, pursuant to resolutions adopted by its Board of Directors, may, at any time and from time to time, subject to the conditions and restrictions in this Indenture contained, execute an indenture or indentures supplemental hereto, which thereafter shall form a part hereof, for any one or more or all of the following purposes:

(a) To add to the conditions, limitations and restrictions of the authorized amount, terms, provisions, purposes of issue, authentication and delivery of Bonds, other conditions, limitations and restrictions thereafter to be observed with respect to the Bonds or any one or more series thereof.

(b) To add to the covenants and agreements of the Company in this Indenture contained, other covenants and agreements thereafter to be observed.

(c) To recite an issuance of additional Bonds of any series or to provide for the creation of any series of Bonds.

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(d) To evidence the succession of another corporation to the Company, or successive successions, and the assumption by a successor corporation of the covenants and obligations of the Company and the acceptance by a successor corporation of the provisions contained in the Bonds issued hereunder and in this Indenture and in any and every supplemental indenture.

(e) To convey, transfer and assign to the Trustee, and to subject to the lien of this Indenture, with the same force and effect as though included in the granting clauses hereof, additional properties, rights and franchises hereafter acquired by the Company through consolidation or merger, or by purchase or in any other manner whatsoever; or to correct the description of any property hereby mortgaged or pledged or intended so to be.

(f) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Indenture or in any indenture supplemental hereto.

(g) To add to the powers, duties or obligations of the Trustee or to add provisions with respect to the appointment, qualification or disqualification of any person to act as Trustee or as an additional trustee under this Indenture, but no such supplemental indenture shall be made without the consent of the Trustee affected thereby.

(h) Subject to the provisions of Subdivision (g) of this § 13.01, to add to the provisions of this Indenture such provisions (including, without limiting the generality of the foregoing, provisions relating to the powers, duties or obligations of the Trustee, or imposing requirements in addition to those set forth herein with respect to the qualification or disqualification of the Trustee) which would at the time be required in an indenture then to be qualified under the Trust Indenture Act of 1939 as then amended, or under other legislation enacted in substitution therefor, except that nothing herein contained shall permit or authorize the inclusion in any indenture supplemental hereto of the provisions referred to in Section 315 (a) (2) of said Trust Indenture Act of 1939 or any corresponding provision provided for in any similar Federal statute hereafter in effect.

(i) If and to the extent authorized by the written consent of the holders of at least sixty-six and two-thirds per cent. (66 $\frac{2}{3}$ %) in principal amount of the Bonds at the time outstanding and, in case one or more but less than all of the series of the Bonds issued hereunder are so affected, of at least sixty-six and two-thirds per cent. (66 $\frac{2}{3}$ %) in principal amount of the Bonds then outstanding and so entitled to consent of each series affected thereby, to change and modify the rights and obligations of the Company and of the holders of the Bonds and coupons or to make such other changes in or additions to the provisions of this Indenture as may be deemed necessary or advisable, provided that no such change shall be made (a) which would without the consent of the holders of all Bonds then outstanding and affected thereby (1) postpone the maturity date fixed herein or in the Bonds or coupons for the payment of the principal of, or any installment of interest on, the Bonds, or (2) reduce the principal of, or premium on, or the rate of interest payable on, the Bonds, or (3) permit the creation of any lien, not otherwise permitted, prior to or on a parity with the lien of this Indenture, or (4) reduce the percentage of the principal amount of the Bonds the consent of the holders of which is required for the authorization of the execution of an indenture supplemental hereto pursuant to the provisions of this Subdivision (i), or (b) which would modify, without the written consent of the Trustee, the rights, duties or immunities of the Trustee.

(j) To make such provision in regard to matters or questions arising under this Indenture as may be necessary or desirable and not inconsistent with this Indenture.

§ 13.02. The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained, and to accept the conveyance, transfer, assignment, mortgage and/or pledge of such property thereunder. The Trustee prior to executing any such supplemental indenture shall be furnished with an Opinion of Counsel, and subject to the provisions of § 15.01, be fully protected in relying on an Opinion of Counsel that such supplemental indenture is authorized or permitted by the provisions of this Indenture and is not inconsistent herewith.

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An executed counterpart of each such supplemental indenture shall be deposited with the Trustee at its principal trust office.

§ 13.03. In case any supplemental indenture shall have been executed for the purpose and pursuant to the consent specified in § 13.01(i), the Company or the Trustee, if either of them shall so elect, may require the holder of any Bond consenting to the execution of any such supplemental indenture to submit his Bond to the principal trust office of the Trustee in the City of Los Angeles, California, for the notation thereon of the fact that the holder of such Bond has consented to the execution of such supplemental indenture, and in such case such notation, in form satisfactory to the Trustee, shall be made upon all Bonds so submitted, and such Bond bearing such notation shall forthwith be returned to the person entitled thereto. No such notation, however, on any Bond shall be necessary; and either with or without such notation, any written consent shall be conclusive and binding on the holder and all future holders and owners of the Bonds. If the Company or the Trustee shall so determine, new Bonds so modified as, in the opinion of the Trustee and the Board of Directors of the Company, to give effect to the provisions of such supplemental indenture, shall be prepared, authenticated and delivered upon the demand of the holder of any Bond then outstanding, in exchange for and upon surrender of such outstanding Bond with all unmatured coupons, if any, appertaining thereto; and such exchange shall be made without cost to such holder.

#### ARTICLE XIV.

##### MERGER, CONSOLIDATION AND SALE.

§ 14.01. Nothing in this Indenture contained shall prevent any consolidation or merger of the Company with or into any other corporation or corporations, or any conveyance or transfer, subject to the lien of this Indenture, of all or substantially all the Trust Estate as an entirety to any corporation lawfully entitled to acquire and operate the same; *provided, however*, and the Company covenants and agrees, that such consolidation, merger, conveyance or



transfer shall be upon such terms as fully to preserve and in no respect to impair the lien or security of this Indenture or any of the rights or powers of the Trustee or any Bondholder hereunder; *provided further*, that, upon and in connection with any such consolidation, merger, conveyance or transfer, the due and punctual payment of the principal of and interest on all the Bonds according to their tenor, and the due and punctual performance and observance of all the covenants and conditions of this Indenture to be performed or observed by the Company, shall be assumed by the successor corporation formed by such consolidation or into which such merger shall have been made or which acquires by conveyance or transfer all or substantially all the Trust Estate as an entirety; and such successor corporation shall execute and deliver to the Trustee, simultaneously with such consolidation, merger, conveyance or transfer, an indenture supplemental hereto containing:

(1) an agreement on the part of such successor corporation punctually to make all the payments and to perform and observe all the covenants and conditions of this Indenture which are to be made or performed or observed by the Company, with the same effect and to the same extent as if the maker of such agreement had been a party of the first part hereto, and

(2) a grant, conveyance, transfer and mortgage of the character described in Paragraph A or Paragraph B of § 14.03.

§ 14.02. The Company will not lease all or substantially all of its assets.

§ 14.03. In case the Company, pursuant to § 14.01, shall be consolidated with or merged into any other corporation or corporations or shall convey or transfer, subject to the lien of this Indenture, all or substantially all of the Trust Estate as an entirety, the successor corporation formed by such consolidation or into which the Company shall have been merged or which shall have received a conveyance or transfer as aforesaid, upon causing to be recorded the supplemental indenture referred to in said § 14.01, shall succeed to and be substituted for the Company with the same effect as if it had been named herein

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as the party of the first part, *subject, however, to the following limitations and restrictions:*

A. If said supplemental indenture shall contain a grant, conveyance, transfer and mortgage in terms sufficient to include and subject to the lien of this Indenture all property and franchises then owned and which may be thereafter acquired by such successor corporation (other than Excepted Property), thereupon and thereafter such successor corporation may cause to be executed, either in its own name or in the name of SOUTHWEST GAS CORPORATION, LTD., and delivered to the Trustee for authentication, any Bonds issuable hereunder; and upon the order of such successor corporation in lieu of the Company, and subject to all the terms, conditions and restrictions in this Indenture prescribed, the Trustee shall authenticate and deliver any of the Bonds which shall have been previously executed and delivered by the Company, in accordance with the provisions of this Indenture, to the Trustee for authentication, and any of such Bonds which such successor corporation shall thereafter, in accordance with the provisions of this Indenture, cause to be executed and delivered to the Trustee for such purpose. Such changes in phraseology and form (but not in substance) may be made in such Bonds as may be appropriate in view of such consolidation or merger or conveyance or transfer. All such Bonds when issued by such successor corporation shall in all respects have the same legal rank and security as the Bonds theretofore or thereafter authenticated and delivered in accordance with the terms of this Indenture.

B. If said supplemental indenture shall not contain the grant, conveyance, transfer and mortgage described in the preceding Paragraph A, then such successor corporation shall not be entitled to procure the authentication and delivery of Bonds hereunder pursuant to Articles V, VI or VII, and (notwithstanding the generality of the granting clauses) this Indenture shall not, by virtue of such consolidation, merger, conveyance or transfer, or by virtue of said supplemental indenture, become a lien upon any of the properties or franchises of such successor corporation owned by it at the time of such consolidation, merger, conveyance or transfer (unless such successor corporation, in its discretion, shall subject to the same to the lien hereof), but this Indenture shall become and be a

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lien upon (in addition to the property then constituting the Trust Estate) the following, and only the following, properties and franchises acquired by such successor corporation after the date of such consolidation, merger, conveyance or transfer, to wit:

(1) all betterments, extensions, improvements, additions, repairs, renewals, replacements, substitutions, and alterations to, upon, for and of the property and/or franchises subject to the lien hereof, and all property constituting appurtenances of the Trust Estate;

(2) all Property Additions made the basis of the withdrawal of cash from the Trustee or from the trustee, mortgagee or other holder of a prior lien, or the release of property from the lien of this Indenture, and all property acquired or constructed with the proceeds of any insurance on any part of the Trust Estate or with the proceeds of any part of the Trust Estate released from the lien of this Indenture or a prior lien, or disposed of free from such lien, or taken by the exercise of the power of eminent domain, or purchased by a public authority; and

(3) all property acquired in pursuance of § 8.07 or of any other covenants herein contained to maintain and preserve and keep the Trust Estate in good condition, repair and working order, or in pursuance of some other covenant or agreement herein contained to be performed by the Company;

and in such event said supplemental indenture shall contain a grant, conveyance, transfer and mortgage specifically subjecting the property described in the preceding Clauses (1), (2) and (3) of this Paragraph B to the direct lien of this Indenture.

#### ARTICLE XV.

#### CONCERNING THE TRUSTEE.

The Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Company and the respective holders of the Bonds and coupons at any time outstanding by their acceptance thereof agree:

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§ 15.01. (A) The Trustee undertakes, except while an Event of Default shall have occurred and be continuing, to exercise such duties and only such duties as are specifically set forth in this Indenture, and, while such an Event of Default shall have occurred and be continuing (subject to the provisions of Paragraphs (B) and (C) of this § 15.01), to exercise such of the rights and powers as are vested in it by this Indenture, and to use the same degree of care and skill in their exercise as an ordinarily prudent man would do or use under the circumstances in the conduct of his own affairs.

(B) Except as elsewhere in this Indenture or any indenture supplemental hereto otherwise expressly provided, unless an Event of Default shall have occurred and be continuing, the Trustee shall not be under any obligation to take any action unless requested in writing so to do by the holders or registered owners of not less than twenty-five per cent. (25%) in principal amount of the Bonds then outstanding; and

(C) The Trustee shall not be personally liable save for its own negligent action, its own negligent failure to act, or its own willful misconduct. 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 willful misconduct, except that

(1) unless an Event of Default shall have occurred and be continuing, the Trustee shall not be liable except for the performance of such duties as are specifically set forth in this Indenture; and

(2) unless an Event of Default shall have occurred and be continuing, in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions conforming to the requirements of this Indenture; and

(3) the Trustee shall not be personally liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and no implied covenants or obligations shall

be read into this Indenture against the Trustee, but the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture; and

(4) the Trustee shall not be personally liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than such percentage in principal amount of the Bonds at the time outstanding as are entitled under the provisions of this Indenture so to direct the taking or omission of such action.

(D) The Trustee, upon receipt of the evidence furnished to it by or on behalf of the Company, pursuant to any provision of this Indenture, will examine the same to determine whether or not such evidence conforms to the requirements of this Indenture.

(E) The Trustee shall not be personally liable in case of entry by it upon the Trust Estate, for debts contracted or liability or damages incurred in the management or operation thereof.

(F) To the extent permitted by Subdivisions (A), (B) and (C) of this § 15.01:

(1) The Trustee may rely upon and shall be protected in acting upon any notice, request, consent, certificate, bond, coupon, resolution, appraisal, report or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) The Trustee may assume that any certificate or report furnished to the Trustee and purporting to have been signed by an Independent Engineer or other Independent person has been signed by an Engineer or other person who is Independent; and

(3) The Trustee may consult with counsel (who may be of counsel to the Company) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in good faith and in accordance with the opinion of such counsel.

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(G) The recitals and statements contained herein and in the Bonds and coupons issued hereunder shall not be considered as made by or as imposing any obligation or liability upon the Trustee. The Trustee makes no representation as to the validity of this Indenture or of any indenture supplemental hereto, or of any Bonds or coupons issued hereunder, or as to the security hereby or thereby afforded, or as to the title of the Company to the Trust Estate or as to the descriptions thereof.

The Company agrees that it will from time to time on demand pay to the Trustee reasonable compensation for services rendered by the Trustee hereunder, reimburse the Trustee for all expenditures, including advances to and fees and expenses of independent appraisers, accountants, surveyors, engineers, counsel or other experts employed in the exercise and performance of its powers and duties hereunder, and indemnify and save the Trustee harmless against any loss, liability or expense, incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, as well as the reasonable cost and expense of defending against any claim of liability in the premises; and, as security for such indemnification, reimbursement and compensation, the Trustee shall have the benefit of the lien hereby created in priority to the indebtedness evidenced by the Bonds and coupons issued hereunder.

(H) Whenever, in the administration of the trusts created by this Indenture, the Trustee shall deem it necessary or desirable that any matter be proved or established prior to its taking, or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), subject to Subdivisions (A) and (C) of this § 15.01, may be deemed to be conclusively proved and established by a Certificate of the Company, and such certificate shall be full warrant and authority to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture in reliance thereon; but the Trustee in its discretion may require such further and additional evidence and make such further investigation as to it may seem reasonable. The agents and representatives of the Trustee and

any experts or counsel whose opinions are required by the Trustee for any purpose hereunder or are deliverable to the Trustee under any provision hereof shall likewise be fully warranted in relying and acting upon the existence of any matters proved or established by any such certificate, unless other evidence establishing such fact or facts be specifically required by this Indenture.

(I) Subject to the provisions of § 16.02, all moneys received by the Trustee under or pursuant to any provision of this Indenture or any supplemental indenture (including any moneys received by the Trustee as paying agent) shall constitute trust funds for the purpose for which they were paid or are held, but need not be segregated in any manner from any other moneys and may be deposited by the Trustee under such conditions as may be prescribed by law.

(J) The Trustee may acquire and hold Bonds and coupons issued hereunder and otherwise deal with the Company or with any other corporation having relations with the Company, in the same manner and to the same extent and with like effect as though it were not the Trustee.

(K) Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee on the Company shall be deemed to have been sufficiently given and served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to the Company (marked for the attention of the President) at BARSTOW, CALIFORNIA, or at such other address as the Company may have furnished to the Trustee in writing.

(L) Except when otherwise in this Indenture expressly provided, any order, request, notice, consent or other instrument in writing to be delivered or furnished by the Company to the Trustee shall be sufficiently executed if signed by its President or a Vice-President and by its Secretary or an Assistant Secretary or its Treasurer or an Assistant Treasurer, or by such officer or officers as the Board of Directors of the Company may by resolution direct. A copy of any resolution of the Board of Directors to be delivered or furnished by the Company to the Trustee shall be sufficiently certified if certified by the Secretary or an Assistant Secretary of the Company.

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§ 15.02. The Trustee may resign and be discharged from the trusts created by this Indenture by giving to the Company notice in writing, and to the Bondholders notice by publication, of such resignation, specifying a date when such resignation shall take effect, which notice shall be published at least once a week for two successive calendar weeks, on any day of each such week, the first publication to be at least ten days prior to the date so specified, in one Authorized Newspaper in the City of Los Angeles, California, and one in the Borough of Manhattan, The City of New York. Such resignation shall take effect on the day specified in such notice, unless previously a successor trustee shall have been appointed as provided in § 15.03, in which event such resignation shall take effect immediately upon the appointment of such successor trustee.

The Trustee may be removed at any time by an instrument or instruments in writing, executed by the holders or registered owners of a majority in principal amount of the Bonds then outstanding and filed with the Trustee and with the Company.

§ 15.03. In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, a successor may be appointed by the holders or registered owners of a majority in principal amount of the Bonds then outstanding, by an instrument or instruments in writing, executed by such Bondholders and filed with the successor trustee; but, until a new Trustee shall be appointed by the Bondholders as herein authorized, the Company, by an instrument in writing executed by order of its Board of Directors and filed with the successor Trustee, shall and hereby covenants that it will appoint a Trustee to fill such vacancy. After any such appointment by the Company, it shall cause notice of such appointment to be published once a week, for two successive calendar weeks, in one Authorized Newspaper in the City of Los Angeles, California, and one in the Borough of Manhattan, The City of New York, but any new Trustee so appointed by the Company shall immediately and without further act be superseded by a Trustee appointed by the holders or registered owners of a majority in principal amount of the Bonds in the manner hereinabove provided.



if in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article XV within two months after a vacancy shall have occurred in the office of Trustee, the holder or registered owner of any Bond hereby secured or the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee.

Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and the retiring Trustee an instrument accepting such appointment and thereupon such successor Trustee, without any further act, deed, conveyance or transfer, shall become vested with the title to the Trust Estate, with all the rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named as Trustee herein. Upon the request of such successor Trustee, however, the Company and the Trustee ceasing to act shall execute and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the Trustee ceasing to act in and to the Trust Estate, and all such rights, powers, trusts, duties and obligations, and the Trustee ceasing to act shall also assign and deliver to the successor Trustee any property subject to the lien of this Indenture which may then be in its possession.

Every successor Trustee hereunder shall always be a state or national bank or trust company in good standing, organized under the laws of the State of California or the State of New York or of the United States of America and doing business in the State of California or in the Borough of Manhattan, The City of New York, having a capital, undivided profits and surplus aggregating at least Three Million Dollars (\$3,000,000), if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms.

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§ 15.04. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Trustee or of any successor trustee as a whole or substantially as a whole, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding. In case any of the Bonds shall have been authenticated but not delivered, any such successor trustee may adopt the certificate of the Trustee and deliver the same so authenticated; and in case any of such Bonds shall not have been authenticated, any such successor trustee may authenticate such Bonds in the name of such successor trustee.

§ 15.05. At any time or times, in order to conform to any legal requirements, the Trustee and the Company shall have power to appoint, and upon request of the Trustee the Company shall join with the Trustee in the execution and delivery of all instruments and the performance of all acts necessary or proper to appoint, another trust company or bank or one or more individuals, approved by the Trustee, either to act as co-trustee or co-trustees of all or any part of the trust estate jointly with the Trustee, or to act as substitute trustee or trustees of any part of the same, and in any case with all such of the powers, rights, duties, obligations and immunities hereby conferred or imposed on the Trustee, and for such term, if any limitation is placed thereon, as may be specified in the instrument of appointment, the same to be exercised jointly with the Trustee, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or co-trustees or substitute trustee or trustees; and, if an Event of Default shall have happened and shall not have been remedied or if the Company shall fail to join with the Trustee in any such appointment within five

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days after being requested by the Trustee so to do, the Trustee shall have power, without any action on the part of the Company and without the necessity of the execution of any such instrument of appointment by the Company, to appoint such co-trustee or co-trustees or substitute trustee or trustees as aforesaid, and to execute all instruments and perform all acts necessary or convenient and proper for such purpose. The Trustee may receive the opinion of any counsel selected and approved by it as to the necessity or propriety of appointing any such co-trustee or substitute trustee, and as to the form and effect of any such instrument to be executed or any act to be taken to effect such appointment and as to any other matter arising under this § 15.05, and, subject to the provisions of § 15.01, such opinion shall be full protection to Trustee for any action taken or omitted to be taken by it pursuant thereto.

## ARTICLE XVI.

## DISCHARGE OF MORTGAGE.

§ 16.01. The Trustee shall forthwith cause satisfaction and discharge of this Indenture to be entered upon the record at the cost and charge of the Company, upon receipt by and deposit with the Trustee of the following:

A. A RESOLUTION OF THE BOARD, requesting the satisfaction and discharge of the Indenture.

B. CASH, in trust, at or before maturity, sufficient to pay the principal and interest to become due on all Bonds and coupons then outstanding and any premium which may be due and payable thereon, at the times and in the manner stipulated therein; *provided, however*, that in lieu of all or any part of such cash, the Company shall have the right to deliver to and deposit with the Trustee Bonds outstanding hereunder, together with all unmatured coupons thereto belonging, for cancellation by the Trustee, such Bonds and coupons thereupon to be deemed to be paid and retired.

C. A WRITTEN ORDER OF THE COMPANY, expressed to be irrevocable, authorizing the Trustee to give notice of redemption

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of the Bonds, if any, to be redeemed in compliance with § 10.02, or proof satisfactory to the Trustee that said notice has been given.

D. CASH, sufficient to pay all other sums payable hereunder by the Company (except in respect of the refund or reimbursement of taxes, assessments or other governmental charges, for which the holders of Bonds shall look only to the Company).

E. A CERTIFICATE OF THE COMPANY, stating that the cash and/or Bonds, if any, deposited with the Trustee pursuant to § 16.01B and the cash, if any, deposited with the Trustee pursuant to § 16.01D are sufficient to comply with the requirements of the respective Paragraphs and that all conditions precedent which relate to the satisfaction and discharge of this Indenture have been complied with.

F. AN OPINION OF COUNSEL, stating that all conditions precedent which relate to the satisfaction and discharge of this Indenture have been complied with, and that the resolutions, cash, Bonds, certificates and other instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustee to satisfy and discharge the Indenture, and that, upon the basis thereof, the Trustee may lawfully satisfy and discharge the Indenture.

The Company may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered hereunder, together with all unpaid coupons thereto belonging, which the Company may have acquired in any manner whatsoever, and such Bonds and coupons, upon such surrender and cancellation, shall be deemed to be paid and retired.

Notwithstanding the satisfaction and discharge of this Indenture, the Company will reimburse and indemnify the Trustee for and hold it harmless against any loss, liability or expense, incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, as well as the reasonable cost and expense of defending against any claim of liability in the premises, as to which the Trustee would be entitled to be reimbursed or indemnified by the Company or held harmless by the Company if the Indenture had not been so satisfied or discharged.

§ 16.02. Any moneys deposited with the Trustee to provide for payment of Bonds or interest or premium thereon, and remaining unclaimed by the holders of Bonds and coupons for six (6) years after the date upon which the moneys so deposited shall have been payable to such holders shall, after the expiration of said period of six (6) years, be paid by the Trustee to the Company, and upon such payment to the Company the Trustee shall be fully relieved of any liability or responsibility in respect thereof, and such holders shall thereafter be entitled to look only to the Company for payment thereof. Before paying over any such moneys to the Company the Trustee may, at the expense of the Company, cause to be published once a week for four (4) successive weeks in one Authorized Newspaper in the City of Los Angeles, California, and one Authorized Newspaper in the Borough of Manhattan, The City of New York, in each instance upon any day of the week, notice that after a date named in said notice said moneys will be paid to the Company unless claimed by the holders of Bonds and coupons entitled thereto prior to the date so named.

#### ARTICLE XVII.

##### MISCELLANEOUS PROVISIONS.

§ 17.01. Nothing in this Indenture, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the parties hereto and the holders of the Bonds and coupons outstanding hereunder, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the Bonds and of the coupons outstanding hereunder.

§ 17.02. Whenever in this Indenture either of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Indenture contained by or on behalf of the Company or by or on behalf of the Trustee, shall bind and inure to the benefit of the respective successors and assigns of such party, whether so expressed or not.

§ 17.03. This Indenture may be executed in several counterparts, all or any of which may be treated for all purposes as one original and shall constitute and be one and the same instrument.

§ 17.04. The date of this Indenture, to wit: June 1, 1951, is used for convenience only. The actual date of the execution of the Indenture is July 16, 1951.

IN WITNESS WHEREOF, SOUTHWEST GAS CORPORATION, LTD., party of the first part, has caused this Indenture to be signed in its corporate name by its President or a Vice-President and its corporate seal to be hereunto affixed and attested by its Secretary or an Assistant Secretary and UNION BANK & TRUST CO. OF LOS ANGELES, party of the second part, in evidence of its acceptance of the trust hereby created, has caused this Indenture to be signed in its corporate name by one of its Vice-Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries.

(Seal) SOUTHWEST GAS CORPORATION, LTD.,  
By HAROLD G. LAUB  
*President.*

Attest:  
W. M. LAUB  
*Secretary.*

Witness:  
J. H. GRAY, JR.  
MONTEL M. PACKIE

UNION BANK & TRUST CO.  
OF LOS ANGELES,

By DON R. CAMERON  
*Vice-President.*

(Seal)

Attest:

M. MORRIS  
*Assistant Secretary.*

Witness:

J. H. GRAY, JR.

MONTEL M. PACKIE

Documentary Stamps  
in the amount of \$440  
were affixed to Counterpart  
Number 1.

STATE OF CALIFORNIA }  
 COUNTY OF LOS ANGELES } ss.:

On this 16th day of July, A.D. 1951 before me,  
 a Notary Public in and for the said County and State,  
 residing therein, duly commissioned and sworn, personally appeared Harold  
 G. Laub, known to me to be the President of Southwest Gas Corporation, Ltd.,  
 one of the corporations that executed the within instrument and acknowledged  
 to me that such corporation executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my  
 official seal the day and year in this certificate first above written.

W. H. ALLISON, Notary Public

In and for the County of Los Angeles,  
 State of California

My Commission Expires Jan. 9, 1953

(Seal)

STATE OF CALIFORNIA }  
 COUNTY OF LOS ANGELES } ss.:

On this 16th day of July, A.D. 1951 before me,  
 a Notary Public in and for the said County and State,  
 residing therein, duly commissioned and sworn, personally appeared Don R.  
 Cameron, known to me to be the Vice-President of Union Bank & Trust Co.  
 of Los Angeles, one of the corporations that executed the within instrument  
 and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my  
 official seal the day and year in this certificate first above written.

W. H. ALLISON, Notary Public

In and for the County of Los Angeles,  
 State of California

My Commission Expires Jan. 9, 1953

(Seal)

FILE NO. 23557

Filed for record at the request of J. M. Miller  
February 3, 1964, at 27 minutes past 1 P. M. Recorded in  
 Book 2 of Official Records, page 404-547, Records of EUREKA  
 COUNTY, NEVADA.  
 Fee: \$ 144.22 William G. Dotson, Recorder.