

RECORDATION NO 18035 FILED 11/25

DEC 10 1992 -11 25 AM  
INTERSTATE COMMERCE COMMISSION

**CERTIFICATE**

I, MARGARET M. PEARSON, Notary Public, State of Wisconsin, hereby certify that I have compared the attached copy of the Twenty-Fifth Supplemental Indenture dated December 15, 1986 with the original instrument and found the copy to be complete and identical in all respects to the original.  
Executed on this 9th day of December 1992.

  
Margaret M. Pearson  
Notary Public, State of Wisconsin  
My Commission expires March 19, 1995  
Telephone: (414) 221-2235

(SEAL)

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WISCONSIN ELECTRIC POWER COMPANY

TO

FIRST WISCONSIN TRUST COMPANY

As Trustee

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**Twenty-Fifth Supplemental Indenture**

DATED DECEMBER 15, 1986

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**First Mortgage Bonds,  
8½% Series due December 15, 2016**

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RECORDATION NO. 18035-2  
FILED 12/25

DEC 10 1992 - 11:25 AM  
INTERSTATE COMMERCE COMMISSION

**WISCONSIN ELECTRIC POWER COMPANY**  
**Twenty-Fifth Supplemental Indenture dated December 15, 1986**

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**SUPPLEMENTAL INDENTURE**, dated the fifteenth day of December, Nineteen hundred and eighty-six (1986) made by and between WISCONSIN ELECTRIC POWER COMPANY, a corporation organized and existing under the laws of the State of Wisconsin (hereinafter called the "Company"), party of the first part, and FIRST WISCONSIN TRUST COMPANY, a corporation organized and existing under the laws of the State of Wisconsin (hereinafter called the "Trustee"), as Trustee under the Mortgage and Deed of Trust dated October 28, 1938, hereinafter mentioned, party of the second part;

WHEREAS, the Company has heretofore executed and delivered to the Trustee its Mortgage and Deed of Trust dated October 28, 1938, as amended June 1, 1946, May 1, 1952, April 1, 1958 and December 1, 1980 (said Mortgage and Deed of Trust, as so amended, being hereinafter sometimes referred to as the "Original Indenture" and, together with all supplemental indentures thereto being sometimes referred to herein collectively as the "Indenture"), to secure the payment of the principal of and the interest and premium, if any, on all Bonds at any time issued and outstanding thereunder, and to declare the terms and conditions upon which Bonds are to be issued thereunder; and indentures supplemental thereto dated October 28, 1938, June 1, 1946, March 1, 1949, June 1, 1950, May 1, 1952, May 1, 1954, April 15, 1956, April 1, 1958, November 15, 1960, November 1, 1966, November 15, 1967, May 15, 1968, May 15, 1969, November 1, 1969, July 15, 1976, January 1, 1978, May 1, 1978, May 15, 1978, August 1, 1979, November 15, 1979, April 15, 1980, December 1, 1980 and September 15, 1985, respectively, have heretofore been entered into between the Company and the Trustee; and

WHEREAS, Bonds have been issued by the Company under said Mortgage and Deed of Trust and indentures supplemental thereto prior to the date hereof as follows:

- (1) \$55,000,000 principal amount of First Mortgage Bonds, 3½% Series due 1968, all of which have been redeemed prior to the date of execution hereof;
- (2) \$50,000,000 principal amount of First Mortgage Bonds, 2⅝% Series due 1976, all of which have been retired for sinking fund purposes or paid at maturity prior to the date of execution hereof;
- (3) \$10,000,000 principal amount of First Mortgage Bonds, 2⅞% Series due 1979, all of which have been retired for sinking fund purposes or paid at maturity prior to the date of execution hereof;

(4) \$15,000,000 principal amount of First Mortgage Bonds, 2¾% Series due 1980, all of which have been retired for sinking fund purposes or paid at maturity prior to the date of execution hereof;

(5) \$12,500,000 principal amount of First Mortgage Bonds, 3¼% Series due 1982, all of which have been retired for sinking fund purposes or paid at maturity prior to the date of execution hereof;

(6) \$20,000,000 principal amount of First Mortgage Bonds, 3⅛% Series due 1984, all of which have been retired for sinking fund purposes or paid at maturity prior to the date of execution hereof;

(7) \$30,000,000 principal amount of First Mortgage Bonds, 3⅞% Series due 1986, all of which have been retired for sinking fund purposes or paid at maturity prior to the date of execution hereof;

(8) \$30,000,000 principal amount of First Mortgage Bonds, 4⅛% Series due 1988, which are described in the Supplemental Indenture dated April 1, 1958, of which \$20,929,000 principal amount remain outstanding at the date of execution hereof;

(9) \$30,000,000 principal amount of First Mortgage Bonds, 5% Series due 1990, which are described in the Supplemental Indenture dated November 15, 1960, of which \$26,605,000 principal amount remain outstanding at the date of execution hereof;

(10) \$30,000,000 principal amount of First Mortgage Bonds, 5⅞% Series due 1996, which are described in the Supplemental Indenture dated November 1, 1966, of which \$27,797,000 principal amount remain outstanding at the date of execution hereof;

(11) \$40,000,000 principal amount of First Mortgage Bonds, 6⅞% Series due 1997, which are described in the Supplemental Indenture dated November 15, 1967, of which \$37,629,000 principal amount remain outstanding at the date of execution hereof;

(12) \$35,000,000 principal amount of First Mortgage Bonds, 6⅞% Series due 1998, which are described in the Supplemental Indenture dated May 15, 1968, of which \$33,394,000 principal amount remain outstanding at the date of execution hereof;

(13) \$40,000,000 principal amount of First Mortgage Bonds, 7¼% Series due 1999, which are described in the Supplemental Indenture dated May 15, 1969, of which \$38,929,000 principal amount remain outstanding at the date of execution hereof;

(14) \$40,000,000 principal amount of First Mortgage Bonds, 8⅞% Series due November 1, 1999, which are described in the Supplemental

Indenture dated November 1, 1969, of which \$39,230,000 principal amount remain outstanding at the date of execution hereof;

(15) \$60,000,000 principal amount of First Mortgage Bonds, 8¾% Series due July 15, 2006, which are described in the Supplemental Indenture dated July 15, 1976, of which \$59,897,000 remain outstanding at the date of execution hereof;

(16) \$25,000,000 principal amount of First Mortgage Bonds, 6.10% Serial Series 1978A, which are described in the Supplemental Indenture dated May 1, 1978, all of which remain outstanding at the date of execution hereof;

(17) \$1,000,000 principal amount of First Mortgage Bonds, 6.25% Serial Series 1978B, which are described in the Supplemental Indenture dated May 1, 1978, all of which remain outstanding at the date of execution hereof;

(18) \$80,000,000 principal amount of First Mortgage Bonds, 8⅞% Series due 2008, which are described in the Supplemental Indenture dated May 15, 1978, of which \$79,934,000 remain outstanding at the date of execution hereof;

(19) \$12,000,000 principal amount of First Mortgage Bonds, 6.45% Series 1979A, which are described in the Supplemental Indenture dated August 1, 1979, all of which remain outstanding at the date of execution hereof;

(20) \$4,000,000 principal amount of First Mortgage Bonds, 6.45% Series 1979B, which are described in the Supplemental Indenture dated August 1, 1979, all of which remain outstanding at the date of execution hereof;

(21) \$10,000,000 principal amount of First Mortgage Bonds, 6.50% Serial Series 1979C, which are described in the Supplemental Indenture dated August 1, 1979, all of which remain outstanding at the date of execution hereof;

(22) \$50,000,000 principal amount of First Mortgage Bonds, 10.2% Series due 1982, all of which have been paid at maturity prior to the date of execution hereof;

(23) \$70,000,000 principal amount of First Mortgage Bonds, 11.40% Series due April 15, 1987, all of which have been retired for sinking fund purposes or redeemed prior to the date of execution hereof;

(24) \$80,000,000 principal amount of First Mortgage Bonds, 13¾% Series due December 1, 1986, all of which have been retired for sinking fund purposes or paid at maturity prior to the date of execution hereof;

(25) \$100,000,000 principal amount of First Mortgage Bonds, 11½% Series due September 15, 2015, which are described in the Twenty-Third Supplemental Indenture dated September 15, 1985, all of which remain outstanding at the date of execution hereof;

(26) \$29,000,000 principal amount of First Mortgage Bonds, 9¾% Series 1985A due September 15, 2015, which are described in the Twenty-Fourth Supplemental Indenture dated September 15, 1985, all of which remain outstanding at the date of execution hereof;

(27) \$10,000,000 principal amount of First Mortgage Bonds, 9¾% Series 1985B due September 15, 2015, which are described in the Twenty-Fourth Supplemental Indenture dated September 15, 1985, all of which remain outstanding at the date of execution hereof;

(28) \$7,350,000 principal amount of First Mortgage Bonds, 9¾% Series 1985C due September 15, 2015, which are described in the Twenty-Fourth Supplemental Indenture dated September 15, 1985, all of which remain outstanding at the date of execution hereof;

and

WHEREAS, the Company is entitled at this time to have authenticated and delivered additional Bonds on the basis of the net bondable value of property additions not subject to an unfunded prior lien, upon compliance with the provisions of Section 4 of Article III of the Original Indenture; and

WHEREAS, the Company desires by this Supplemental Indenture to provide for the creation of a new series of bonds under the Original Indenture, to be designated "First Mortgage Bonds, 8½% Series due December 15, 2016 (hereinafter called the "New Bonds"); and the Original Indenture provides that certain terms and provisions, as determined by the Board of Directors of the Company, of the Bonds of any particular series may be expressed in and provided for by the execution of an appropriate supplemental indenture; and

WHEREAS, the Original Indenture provides that the Company and the Trustee may enter into indentures supplemental to the Original Indenture to convey, transfer and assign to the Trustee and to subject to the lien of the Original Indenture additional properties acquired by the Company; and to add, to the covenants and agreements of the Company contained in the Original Indenture, other covenants and agreements thereafter to be observed; and

WHEREAS, the Company, in the exercise of the powers and authority conferred upon and reserved to it under the provisions of the Original Indenture and pursuant to appropriate resolutions of its Board of Directors, has duly resolved and determined to make, execute and deliver to the Trustee a supplemental indenture in the form hereof for the purposes herein provided; and

WHEREAS, all conditions and requirements necessary to make this Supplemental Indenture a valid, binding and legal instrument have been done, performed and fulfilled and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That, in consideration of the premises and of the mutual covenants herein contained and of the acceptance of this trust by the Trustee and of the sum of One Dollar duly paid by the Trustee to the Company at or before the time of the execution of this Supplemental Indenture, and of other valuable considerations, the receipt whereof is hereby acknowledged, and in order further to secure the payment of the principal of and interest (and premium, if any) on all Bonds at any time issued and outstanding under the Original Indenture and all indentures supplemental thereto, according to their tenor, purport and effect, the Company has executed and delivered this Supplemental Indenture and has granted, bargained, sold, warranted, aliened, remised, released, conveyed, assigned, transferred, mortgaged, pledged, set over, ratified and confirmed and by these presents does grant, bargain, sell, warrant, alien, remise, release, convey, assign, transfer, mortgage, pledge, set over, ratify and confirm unto First Wisconsin Trust Company, as Trustee, and to its successors in trust under the Indenture forever, all and singular the properties described in Schedule A to this Supplemental Indenture (in addition to all other properties heretofore specifically subjected to the lien of the Indenture and not heretofore released from the lien thereof);

TO HAVE AND TO HOLD all said properties, real, personal and mixed, mortgaged, pledged, and conveyed by the Company as aforesaid, or intended so to be, unto the Trustee and its successors and assigns forever;

SUBJECT, HOWEVER, to the exceptions and reservations and matters herein recited, to existing leases other than leases which by their terms are subordinate to the lien of the Indenture, to existing liens upon rights-of-way for transmission or distribution line purposes, as defined in Article I of the Original Indenture, and any extensions thereof, and subject to existing easements for streets, alleys, highways, rights-of-way and railroad purposes over, upon and across certain

of the property described in Schedule A to this Supplemental Indenture, and subject also to all the terms, conditions, agreements, covenants, exceptions and reservations expressed or provided in the deeds or other instruments, respectively, under and by virtue of which the Company acquired the properties described in Schedule A to this Supplemental Indenture, and to undetermined liens and charges, if any, incidental to construction or other existing permitted liens as defined in Article I of the Original Indenture;

IN TRUST, NEVERTHELESS, upon the terms and trusts in the Original Indenture and the indentures supplemental thereto, including this Supplemental Indenture, set forth, for the equal and proportionate benefit and security of all present and future holders of the Bonds and coupons issued and to be issued thereunder, or any of them, without preference of any of said Bonds and coupons of any particular series over the Bonds and coupons of any other series, by reason of priority in the time of the issue, sale or negotiation thereof, or by reason of the purpose of issue or otherwise howsoever, except as otherwise provided in Section 2 of Article IV of the Original Indenture;

PROVIDED, HOWEVER, and these presents are upon the condition that, if the Company, its successors or assigns, shall pay or cause to be paid unto the holders of the Bonds the principal and interest (and premium, if any) to become due in respect thereof at the times and in the manner stipulated therein and in the Indenture, and shall keep, perform and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by or on the part of the Company, then this Supplemental Indenture and the estate and rights hereby granted shall cease, determine and be void, otherwise to remain in full force and effect;

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED, by and between the parties hereto, for the benefit of those who shall hold the Bonds, or any of them, to be issued under the Indenture, as follows:

#### ARTICLE I. DESCRIPTION OF NEW BONDS.

SECTION 1. The twenty-ninth series of Bonds to be executed, authenticated and delivered under and secured by the Indenture shall be the New Bonds. The New Bonds shall, subject to the provisions of Section 1 of Article II of the Original Indenture, be designated as "First Mortgage Bonds, 8½% Series due December 15, 2016" of the Company. The New Bonds shall be executed, authenticated and delivered in accordance with the provisions of, and shall in

all respects be subject to, all of the terms, conditions and covenants of the Original Indenture and of this Supplemental Indenture.

The New Bonds shall mature on December 15, 2016, and shall bear interest at the rate of eight and one half per cent per annum, payable semi-annually on the fifteenth days of June and December in each year (each such June 15 and December 15 being hereinafter called an "interest payment date"). The New Bonds shall be payable as to principal and interest in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, and shall be payable (as well the interest as the principal thereof) at the agency of the Company in the City of Milwaukee, Wisconsin, or, at the option of the registered owner, at the agency of the Company in the Borough of Manhattan, The City of New York.

The interest so payable on any interest payment date shall be paid to the persons in whose names the New Bonds are registered at the close of business on the last business day (hereinafter called the "record date") which is more than ten days prior to such interest payment date, a "business day" being any day which is not a day on which banks in the City of Milwaukee, Wisconsin, are authorized by law to close; except that if the Company shall default in the payment of any interest due on such interest payment date, such defaulted interest shall be paid to the persons in whose names the New Bonds are registered on the date of payment of such defaulted interest, or at the election of the Company at the close of business on a special record date for the payment of such defaulted interest established by notice given by mail by or on behalf of the Company not less than 15 days preceding such special record date.

Except as provided hereinafter, every New Bond shall be dated as of the date of its authentication and delivery, or if that is an interest payment date, the next day, and shall bear interest from the interest payment date next preceding its date or from December 15, 1986, whichever is later. Notwithstanding Section 6 of Article II of the Original Indenture, any New Bond authenticated and delivered by the Trustee after the close of business on the record date with respect to any interest payment date and prior to such interest payment date shall be dated as of the date next following such interest payment date and shall bear interest from such interest payment date; except that if the Company shall default in the payment of any interest due on such interest payment date, such Bond shall bear interest from the interest payment date to which interest on such Bond has been paid or December 15, 1986, whichever is later.

SECTION 2. The New Bonds shall be registered bonds without coupons, of the denomination of \$1,000 and any multiple of \$1,000, numbered consecutively from R1 upwards.

SECTION 3. The New Bonds and the Trustee's Certificate to be endorsed on the New Bonds shall be substantially in the following forms respectively:

[FORM OF BOND]

WISCONSIN ELECTRIC POWER COMPANY

(Incorporated under the laws of the State of Wisconsin)

FIRST MORTGAGE BOND, 8½% SERIES DUE DECEMBER 15, 2016

No. R ..... \$ .....

WISCONSIN ELECTRIC POWER COMPANY, a corporation organized and existing under the laws of the State of Wisconsin (hereinafter called the "Company", which term shall include any successor corporation as defined in the Amended Indenture mentioned on the reverse side hereof), for value received, hereby promises to pay to

or registered assigns, on the fifteenth day of December, 2016 the sum of Dollars, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, and to pay interest thereon in like coin or currency from the June 15 or December 15 next preceding the date of this Bond or from December 15, 1986 whichever is later, at the rate of 8½ percent per annum, payable semi-annually, on the fifteenth days of June and December in each year until maturity, or, if this Bond shall be duly called for redemption, until the redemption date, or, if the Company shall default in the payment of the principal hereof, until the Company's obligation with respect to the payment of such principal shall be discharged as provided in the Amended Indenture. The interest so payable on any June 15 or December 15 will, subject to certain exceptions provided in the Twenty-Fifth Supplemental Indenture dated December 15, 1986 supplemental to the Amended Indenture, be paid to the person in whose name this Bond is registered at the close of business on the last business day which is more than ten days prior to such June 15 or December 15. Both principal of, and interest on, this Bond are payable at the agency of the Company in the City of Milwaukee, Wisconsin, or, at the option of the registered owner hereof, at the agency of the Company in the Borough of Manhattan, The City of New York.

This Bond shall not be entitled to any benefit under the Amended Indenture or any indenture supplemental thereto, or become valid or obligatory for any purpose, until First Wisconsin Trust Company, the Trustee under the Amended Indenture, or a successor trustee thereto under the Amended Indenture, shall have signed the form of certificate endorsed hereon.

Additional provisions of this Bond are set forth on the reverse hereof and such provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, Wisconsin Electric Power Company has caused this Bond to be signed in its name by its President or a Vice President, manually or in facsimile, and its corporate seal (or a facsimile thereof) to be hereto affixed and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary.

Dated,

WISCONSIN ELECTRIC POWER COMPANY,

By .....  
President

ATTEST:

.....  
Secretary

[FORM OF TRUSTEE'S CERTIFICATE]

This Bond is one of the Bonds, of the series designated therein, described in the within-mentioned Amended Indenture and Supplemental Indenture of December 15, 1986.

FIRST WISCONSIN TRUST COMPANY,  
Trustee,

By .....  
Authorized Officer

[TEXT APPEARING ON REVERSE SIDE OF BOND]

This Bond is one of a duly authorized issue of Bonds of the Company (herein called the "Bonds"), in unlimited aggregate principal amount, of the series hereinafter specified, all issued and to be issued under and equally secured by a mortgage and deed of trust, dated October 28, 1938, executed by the Company to First Wisconsin Trust Company (herein called the "Trustee"), as

Trustee, as amended by the indentures supplemental thereto dated June 1, 1946, May 1, 1952, April 1, 1958, and December 1, 1980, between the Company and the Trustee (said mortgage and deed of trust, as so amended, being herein called the "Amended Indenture") and all indentures supplemental thereto, to which Amended Indenture and all indentures supplemental thereto reference is hereby made for a description of the properties mortgaged and pledged, the nature and extent of the security, the rights of the bearers or registered owners of the Bonds, of the Company and of the Trustee in respect thereto, and the terms and conditions upon which the Bonds are, and are to be, secured. To the extent permitted by, and as provided in, the Amended Indenture, modifications or alterations of the Amended Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Company and of the holders of the Bonds and any coupons appertaining thereto may be made with the consent of the Company by an affirmative vote of not less than 75% in amount of the Bonds entitled to vote then outstanding, at a meeting of Bondholders called and held as provided in the Amended Indenture, and by an affirmative vote of not less than 75% in amount of the Bonds of any series entitled to vote then outstanding and affected by such modification or alteration, in case one or more but less than all of the series of Bonds then outstanding under the Amended Indenture are so affected; provided, however, that no such modification or alteration shall be made which will affect the terms of payment of the principal of, or interest or premium (if any) on, this Bond, which are unconditional. The Bonds may be issued in series, for various principal sums, may mature at different times, may bear interest at different rates and may otherwise vary as in the Amended Indenture provided. This Bond is one of a series designated as the "First Mortgage Bonds, 8½% Series due December 15, 2016" (herein called "Bonds of December 15, 2016 Series") of the Company, issued under and secured by the Amended Indenture and all indentures supplemental thereto and described in the Twenty-Fifth Supplemental Indenture thereto dated December 15, 1986 (hereinafter called the "Supplemental Indenture of December 15, 1986"), executed by the Company to the Trustee.

Under a provision of the Supplemental Indenture of December 1, 1980, to become effective at such date as no Bonds remain outstanding of any series created on a date prior to December 1, 1980, the percentage vote referred to in the preceding paragraph will be changed from 75% to 66⅔%. Under another provision of said Supplemental Indenture, to become effective on the earlier of such date and the date such other provision shall have been adopted by the affirmative vote of the holders of Bonds described in the preceding paragraph, any approval of Bondholders referred to in the preceding paragraph may be

by written consent in lieu of a meeting. Each holder of this Bond, by his acceptance hereof, shall have, *inter alia*, thereby consented to such provisions and to the other amendments and additions to the Amended Indenture contained in the Supplemental Indenture of December 1, 1980 and shall have irrevocably appointed the Company, with full power of substitution, to attend any meeting of Bondholders convened to consider any of the amendments or additions to the Amended Indenture contained in the Supplemental Indenture of December 1, 1980 and to vote this Bond in favor of any resolution or resolutions proposing any such amendment or addition.

The Bonds of December 15, 2016 Series are subject to redemption at any time or from time to time prior to maturity, at the option of the Company, either as a whole or in part, upon payment of the redemption prices applicable to the respective periods set forth below, together, in each case, with accrued interest to the redemption date; provided, however, that prior to December 15, 1991 no Bonds of December 15, 2016 Series may be redeemed, directly or indirectly, from the proceeds of or in anticipation of any refunding operation involving the incurring of debt which has an effective interest cost to the Company, computed in accordance with generally accepted financial practice, of less than 8.619% per annum; all subject to the conditions and as more fully set forth in the Amended Indenture and the Twenty-Fifth Supplemental Indenture of December 15, 1986.

Expressed as Percentages of the Principal Amount of the Bonds

If Redeemed during the 12-Month Period Ending December 14	Redemption Price	If Redeemed during the 12-Month Period Ending December 14	Redemption Price
1987 .....	107.96	2002 .....	101.99
1988 .....	107.57	2003 .....	101.60
1989 .....	107.17	2004 .....	101.20
1990 .....	106.77	2005 .....	100.80
1991 .....	106.37	2006 .....	100.40
1992 .....	105.97	2007 .....	100.00
1993 .....	105.58	2008 .....	100.00
1994 .....	105.18	2009 .....	100.00
1995 .....	104.78	2010 .....	100.00
1996 .....	104.38	2011 .....	100.00
1997 .....	103.98	2012 .....	100.00
1998 .....	103.59	2013 .....	100.00
1999 .....	103.19	2014 .....	100.00
2000 .....	102.79	2015 .....	100.00
2001 .....	102.39	2016 .....	100.00

Notice of redemption shall be mailed, not less than thirty days nor more than sixty days prior to the redemption date, to all registered owners of the Bonds to be redeemed, at their addresses as the same shall appear on the transfer register of the Company; all subject to the conditions and as more fully set forth in the Amended Indenture and the Twenty-Fifth Supplemental Indenture of December 15, 1986. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the owner receives it.

In case an event of default, as defined in the Amended Indenture, shall occur, the principal of all the Bonds at any such time outstanding under the Amended Indenture and all indentures supplemental thereto may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Amended Indenture. The Amended Indenture provides that such declaration may in certain events be waived by the holders of a majority in principal amount of the Bonds outstanding.

This Bond is transferable by the registered owner hereof, in person or by duly authorized attorney, on the books of the Company to be kept for that purpose at the agency of the Company in the Borough of Manhattan, The City of New York, and at the agency of the Company in the City of Milwaukee, Wisconsin, upon surrender and cancellation of this Bond and on presentation of a duly executed written instrument of transfer, and thereupon a new registered Bond or Bonds of the same series, of the same aggregate principal amount and in authorized denominations, will be issued to the transferee or transferees in exchange herefor; and this Bond, with or without others of like series, may in like manner be exchanged for one or more new registered Bonds of the same series of other authorized denominations but of the same aggregate principal amount; all subject to the terms and conditions set forth in the Amended Indenture.

No recourse shall be had for the payment of the principal of, or the interest on, this Bond, or for any claim based hereon or on the Amended Indenture or any indenture supplemental thereto, against any incorporator, or against any stockholder, director or officer, as such, past, present or future, of the Company, or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether for amounts unpaid on stock subscriptions or by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stockholders, directors or officers, as such, being released by every owner hereof by the acceptance of this Bond and as part of

the consideration for the issue hereof, and being likewise released by the terms of the Amended Indenture.

SECTION 4. Until the New Bonds in definitive form are ready for delivery, the Company may execute, and upon its request in writing the Trustee shall authenticate and deliver, in lieu thereof, New Bonds in temporary form, as provided in Section 9 of Article II of the Original Indenture. Such New Bonds in temporary form may, in lieu of the statement of the specific redemption prices required to be set forth in such Bonds in definitive form, include a reference to this Supplemental Indenture for a statement of such redemption prices.

## ARTICLE II.

### ISSUE OF NEW BONDS.

SECTION 1. The principal amount of New Bonds which may be authenticated and delivered hereunder is not limited except as the Original Indenture limits the principal amount of Bonds which may be issued thereunder.

SECTION 2. New Bonds for the aggregate principal amount of One Hundred Million Dollars (\$100,000,000), being the initial issue of New Bonds, may forthwith be executed by the Company and delivered to the Trustee and shall be authenticated by the Trustee and delivered (either before or after the filing or recording hereof) to or upon the order of the Company, upon receipt by the Trustee of the resolutions, certificates, instruments and opinions required by Sections 3 and 4 of Article III and by Article XVIII of the Original Indenture.

## ARTICLE III.

### REDEMPTION.

SECTION 1. The New Bonds shall, subject to the provisions of Article V of the Original Indenture, be redeemable at any time or from time to time prior to maturity, at the option of the Board of Directors of the Company, either as a whole or in part, upon payment of the redemption prices applicable to the respective periods set forth in the form of New Bonds in Section 3 of Article I hereof, together, in each case, with accrued interest to the redemption date; provided, however, that prior to December 15, 1991, no New Bonds may be redeemed, directly or indirectly, from the proceeds of or in anticipation of any refunding operation involving the incurring of debt which has an effective interest cost to the Company, computed in accordance with generally accepted financial practice, of less than 8.619% per annum.

SECTION 2. Notice of redemption shall be sufficiently given if mailed, postage prepaid, not less than thirty days and not more than sixty days prior to the date fixed for redemption, to the registered owners of the Bonds to be redeemed, at their addresses as the same shall appear on the transfer register of the Company. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the owner receives it.

#### ARTICLE IV.

##### ADDITIONAL PARTICULAR COVENANTS OF THE COMPANY.

The Company hereby covenants, warrants and agrees:

SECTION 1. That, so long as any New Bonds are outstanding, the Company will not make any restricted payment on its Common Stock, as such term is defined in Section 2 of this Article IV, if, after giving effect to such restricted payment,

(a) the aggregate of all restricted payments made by the Company during the period commencing October 1, 1986 and ending on the last day of the third month preceding the month in which such restricted payment is made,

shall exceed

(b) the sum of \$574,031,207 at September 30, 1986 plus the net income of the Company (including dividends from subsidiary companies but excluding undistributed subsidiary earnings) during such period applicable to the Common Stock of the Company.

SECTION 2. The terms "restricted payment" and "restricted payment on its Common Stock", as such terms are used in this Article IV, shall mean and include the declaration and payment of any dividend on the Common Stock of the Company (other than dividends payable solely in shares of Common Stock), the making of any other distribution on and the acquisition for value of any shares of its Common Stock (except in exchange for shares of Common Stock).

SECTION 3. That the Company is lawfully seized and possessed of all of the mortgaged property described in Schedule A to this Supplemental Indenture; that it has good right and lawful authority to mortgage the same as provided in this Supplemental Indenture; and that such mortgaged property is, at the actual date of the initial issue of the New Bonds, free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting

the title thereto prior to the Indenture, except as set forth in the granting clauses of the Indenture or this Supplemental Indenture.

ARTICLE V.

SECTION 1 OF ARTICLE IV LIMITED.

The provisions of Section 1 of Article IV above shall be binding upon the Company and effective so long, but only so long, as any New Bonds are outstanding.

ARTICLE VI.

THE TRUSTEE.

The Trustee hereby accepts the trusts hereby declared and provided, and agrees to perform the same upon the terms and conditions in the Original Indenture and in this Supplemental Indenture set forth, and upon the following terms and conditions.

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or the due execution hereof by the Company or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely.

ARTICLE VII.

MISCELLANEOUS PROVISIONS.

The Section 8 in Article XV of the Mortgage and Deed of Trust dated October 28, 1938 is hereby redesignated as Section 9 of Article XV of the Original Indenture, in order to correct a numbering inconsistency in the Original Indenture.

All terms contained in this Supplemental Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in Article I of the Original Indenture.

Although this Supplemental Indenture for convenience and for the purpose of reference is dated December 15, 1986, the actual date of execution by the Company and by the Trustee is as indicated by their respective acknowledgments hereto annexed.

This Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, said Wisconsin Electric Power Company has caused this Supplemental Indenture to be executed on its behalf by its President or one of its Vice Presidents, and its corporate seal to be hereto affixed and said seal and this Supplemental Indenture to be attested by its Secretary or one of its Assistant Secretaries; and said First Wisconsin Trust Company, in evidence of its acceptance of the trust hereby created, has caused this Supplemental Indenture to be executed on its behalf by its President or one of its Vice Presidents, and its corporate seal to be hereto affixed and said seal and this Supplemental Indenture to be attested by its Secretary or one of its Assistant Secretaries; all as of the fifteenth day of December One thousand nine hundred and eighty-six.

WISCONSIN ELECTRIC POWER COMPANY,

[CORPORATE SEAL]

By .....

J. G. Rimmel  
Vice President.

Attested:

Signed, sealed and delivered by  
WISCONSIN ELECTRIC POWER  
COMPANY in the presence of:

.....  
J. H. Goetsch  
Secretary.

.....  
J. W. Fleissner

.....  
Margaret M. Pearson  
As Witnesses.

FIRST WISCONSIN TRUST COMPANY,

[CORPORATE SEAL]

By .....

J. R. Snyder  
Assistant Vice President.

Attested:

Signed, sealed and delivered by  
FIRST WISCONSIN TRUST  
COMPANY in the presence of:

.....  
Patrick J. O'Callaghan  
Assistant Secretary.

.....  
F. J. Gingrasso

.....  
D. J. Mayer  
As Witnesses.

STATE OF WISCONSIN }  
COUNTY OF MILWAUKEE } SS.:

On this 12th day of December, 1986, before me personally appeared J. G. REMMEL and J. H. GOETSCH, to me personally known, who, being by me severally duly sworn, did say: that J. G. Remmel is a Vice President and J. H. Goetsch is Secretary of WISCONSIN ELECTRIC POWER COMPANY, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and said J. G. Remmel and J. H. Goetsch severally acknowledged said instrument to be the free act and deed of said corporation.

.....  
Wesley R. Cleveland, Jr.  
Notary Public  
State of Wisconsin  
My Commission expires March 26, 1989  
[Seal of Notary Public]

STATE OF WISCONSIN }  
COUNTY OF MILWAUKEE } SS.:

On this 12th day of December, 1986, before me personally appeared J. R. SNYDER and PATRICK J. O'CALLAGHAN, to me personally known, who, being by me severally duly sworn, did say: that J. R. Snyder is an Assistant Vice President and Patrick J. O'Callaghan is an Assistant Secretary of FIRST WISCONSIN TRUST COMPANY, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and said J. R. Snyder and Patrick J. O'Callaghan severally acknowledged said instrument to be the free act and deed of said corporation.

.....  
Eugene R. Lee  
Notary Public  
State of Wisconsin  
My Commission expires February 12, 1989  
[Seal of Notary Public]

STATE OF WISCONSIN }  
COUNTY OF MILWAUKEE } SS.:

J. G. REMMEL, being duly sworn, says: that he is a Vice President of WISCONSIN ELECTRIC POWER COMPANY, the Mortgagor named in the foregoing instrument; that he has knowledge of the facts with regard to the making of said instrument and of the consideration therefor; that the consideration for said instrument was and is actual and adequate; and that the same was given in good faith for the purpose in such instrument set forth, namely, to define the terms and conditions of the series of First Mortgage Bonds provided for therein.

.....  
J. G. Remmel

Sworn to before me this 12th day of  
December, 1986.

.....  
Wesley R. Cleveland, Jr.  
Notary Public  
State of Wisconsin  
My Commission expires March 26, 1989  
[Seal of Notary Public]

This instrument was drafted by Robert H. Gorske and Norris Darrell, Jr.  
on behalf of Wisconsin Electric Power Company.

**SCHEDULE A**  
**PARCELS OF REAL ESTATE**  
**WISCONSIN**

The following described parcels of real estate, all of which are located in the State of Wisconsin in the respective counties hereinafter specified:

**FLORENCE COUNTY**

1. Part of Michigamme Plant Property: An undivided  $\frac{1}{2}$  interest in and to Government Lots 2 and 3, Section 12, Township 40 North, Range 18 East, Town of Florence, Florence County, Wisconsin.

**OZAUKEE COUNTY**

2. Grafton Ash Disposal Site: All that part of the Northwest Quarter (NW  $\frac{1}{4}$ ) and Northeast Quarter (NE  $\frac{1}{4}$ ) of Section 8, Town 10 North, Range 22 East, Town of Grafton, Ozaukee County, Wisconsin bounded and described as follows: Commencing at the northwest corner of the Northeast Quarter (NE  $\frac{1}{4}$ ) of Section 8; thence North  $87^{\circ}31'36''$  East along the north line of said Northeast Quarter (NE  $\frac{1}{4}$ ) 831.99 feet to the place of beginning of the lands herein to be described; thence North  $87^{\circ}31'36''$  East along said north line 159.03 feet; thence South  $1^{\circ}36'10''$  East 1842.85 feet; thence South  $87^{\circ}58'10''$  West 961.84 feet; thence North  $60^{\circ}19'50''$  West 108.44 feet; thence North  $29^{\circ}40'10''$  East 155.57 feet; thence North  $60^{\circ}19'50''$  West 280.00 feet; thence North  $29^{\circ}40'10''$  East along the east right of way line of STH "32" a distance of 926.30 feet; thence South  $69^{\circ}28'20''$  East 210.00 feet; thence North  $29^{\circ}40'10''$  East 370.00 feet; thence North  $75^{\circ}09'50''$  West 95.00 feet; thence North  $29^{\circ}40'10''$  East along the east line of STH "32" a distance of 535.00 feet to the place of beginning. Containing 31.0715 acres of land.

Also a parcel of land located in the Northwest Quarter (NW  $\frac{1}{4}$ ) of the Northeast Quarter (NE  $\frac{1}{4}$ ) of Section 8, Township 10 North, Range 22 East, in the Town of Grafton, Ozaukee County, Wisconsin, described as follows: Beginning at a point which is 1824.50 feet South  $89^{\circ}49'$  West and 535.00 feet South  $32^{\circ}30'$  West of the Northeast (NE) corner of said Section 8, thence North  $72^{\circ}00'$  West a distance of 69.50 feet to a point; thence North  $57^{\circ}30'$  West a distance of 47.50 feet to a point on the Easterly R/W line of U.S. Hwy. 141, thence South  $31^{\circ}30'$  West along said Easterly R/W line a distance of 361.00 feet to a point, thence South  $67^{\circ}30'$  East a distance of 210.00 feet to a point,

thence North 31°30' East and parallel to the Easterly right-of-way line of U.S. Hwy. 141 a distance of 370.00 feet to a point, thence Northwesterly a distance of 95.00 feet to the place of beginning.

Also part of the Southeast  $\frac{1}{4}$  of Section 8, Township 10 North, Range 22 East, Town of Grafton, described as follows: Commencing at the center of Section 8, Township 10 North, Range 22 East; thence North 87 degrees 35 minutes 43 seconds East along the north line of the Southeast  $\frac{1}{4}$  of said Section 8 a distance of 355.95 feet to the point of beginning of the parcel herein described; thence from the point of beginning, North 87 degrees 35 minutes 43 seconds East along the north line of the Southeast  $\frac{1}{4}$  of said Section 8, a distance of 500 feet; thence South 2 degrees 24 minutes 17 seconds East a distance of 1700 feet; thence South 87 degrees 35 minutes 43 seconds West a distance of 500 feet; thence North 2 degrees 24 minutes 17 seconds West a distance of 1700 feet to the point of beginning; and containing 19.51 acres of land.

#### RACINE COUNTY

3. Ash Disposal Site: That part of the Northeast  $\frac{1}{4}$  of Section 1, Township 4 North, Range 22 East, lying northerly of the center line of Rifle Range Road. Excepting therefrom land conveyed by Deed recorded on November 4, 1921 in Volume 190 of Deeds at Page 235, as Document No. 280178, bounded as follows: Begin at a point in the north line of said fractional section, 42 rods east from the northwest corner of said Northeast  $\frac{1}{4}$ ; thence southwesterly along the center of said certain public road, 247 feet; thence northerly 197 feet to the north line of said fractional  $\frac{1}{4}$ ; thence east along the north line of said fractional  $\frac{1}{4}$ , 286 feet to the place of beginning.

Also excepting therefrom land conveyed by Deed recorded in Volume 93 of Deeds at Page 427, bounded as follows: The West 1 acre of the following: Begin at the northwest corner of said Northeast fractional  $\frac{1}{4}$  of said section; run thence east on the north line of said  $\frac{1}{4}$  section, 693 feet to the center of the highway; thence southwesterly along the center line of the highway to the west line of said Northeast fractional  $\frac{1}{4}$  at a point 693 feet south of the place of beginning; thence north 693 feet to the place of beginning. Said land being in the Town of Caledonia, County of Racine, State of Wisconsin, subject to Rifle Range Road on the southeast.

## SHEBOYGAN COUNTY

4. Edgewater V. Plant: An undivided 25% interest as tenants in common in the following described lands in Sheboygan County, Wisconsin, to-wit:

Part of Government Lot 1 of Section 2, Township 14 North, Range 23 East, City of Sheboygan, Sheboygan County, Wisconsin, described as follows: Commencing at the Northwest corner of said Government Lot 1; thence South 57°55.4' East (true bearing) 524.58 feet to the Point of Beginning; thence South 58°12.2' East, 177.90 feet along the northeasterly edge of the Edgewater Generating Station entrance road; thence Southeasterly 324.82 feet along the edge of said road on a curve concave Southwesterly, having a radius of 470.37 feet and being subtended by a chord bearing South 38°25.2' East, 318.40 feet; thence South 18°38.2' East, 145.79 feet along the edge of said road to its intersection with Column Line 25 projected South 71°21.8' West, thence North 71°21.8' East, 151.31 feet along Column Line 25 to Column Line D; thence South 18°38.2' East, 18.50 feet along Column Line D to Column Line 24; thence North 71°21.8' East, 129.10 feet along Column Line 24 to Column Line H; thence South 18°38.2' East, 18.50 feet along Column Line H to Column Line 23; thence North 71°21.8' East along Column Line 23 extended to the westerly shore of Lake Michigan; thence Northerly along the westerly shore of Lake Michigan to a point which bears North 71°21.8' East of Point of Beginning, thence South 71°21.8' West along the North edge of a road to the Point of Beginning; also including all riparian rights to above parcel.

## WAUKESHA COUNTY

5. Part of Germantown Oil Pipeline: The south twenty (20) feet of the following described parcel of land, being a part of the Northwest quarter (NW ¼) of Section Two (2), Township Eight (8) North, Range Twenty (20) East, in the Village of Menomonee Falls, Waukesha County, Wisconsin, and more particularly described as follows: That certain 80 acres described as the South half (S ½) of the Northwest quarter (NW ¼) of Section 2 (2), Township Eight (8) North, Range Twenty (20) East, Village of Menomonee Falls, Waukesha County, Wisconsin, excepting therefrom that certain five (5) acres located in the northwest corner of said 80 acres being bounded and described as follows: Starting at the northwest corner of said 80 acres; thence south one hundred sixty-five (165) feet to a point; thence east one thousand three hundred twenty (1320) feet to a point; thence north one hundred sixty-five (165) feet to a point, thence west one thousand three hundred twenty (1320) feet to the place of beginning. Further excepting therefrom that part thereof conveyed to

Joseph H. Cook by Warranty Deeded dated March 20, 1948, and recorded in the Office of the Register of Deeds for Waukesha County, Wisconsin, on December 9, 1948, in Volume 484 of Deeds on Page 162 as Document No. 321062.

Also excepting therefrom that part conveyed to State of Wisconsin by conveyance dated August 21, 1961, and recorded in said Register's office on September 7, 1961, in Volume 893 of Deeds on Page 481 as Document 551346; and, further reserving unto parties of the first part, their successors or assigns, subject to the conditions hereinafter stated, the right to park operative vehicles and store material on, and to cross over the premises herein conveyed with a spur track or tracks and/or a roadway or roadways to serve the adjacent land of the parties of the first part, their successors or assigns. Any spur track or tracks shall be constructed and installed in accordance with then applicable laws and regulations and parties of the first part, their successors or assigns, further agree that their rights hereunder shall at all times be subject to the rights of party of the second part, its successors or assigns, to construct, install, maintain, operate, alter, replace, repair, enlarge, inspect, and remove a pipeline or pipelines together with usual appendages or appurtenances thereto in or under the property herein conveyed.

## MICHIGAN

The following described parcel of real estate located in the State of Michigan in the county specified:

### MENOMINEE COUNTY

1. New Spalding Substation: A parcel of land located in the Southeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  Section 10, Township 38 North, Range 26 West, M.P.M., Township of Spalding, County of Memominee, State of Michigan, more particularly described as follows: Commencing at the South  $\frac{1}{4}$  corner of Section 10, Township 38 North, Range 26 West; thence running North 89 degrees 32 minutes 33 seconds West along the south line of Section 10 for a distance of 565.10 feet; thence running north for a distance of 525.46 feet to a capped iron bar located on the northerly right of way line of the existing County Road (Old U.S. 2) and the point of beginning of the parcel to be described; thence running north for a distance of 220.00 feet to a concrete monument; thence running west for a distance of 220.00 feet to a concrete monument; thence running south for a distance of 257.00 feet to a capped iron bar located on the northerly right of way line of the existing County Road; thence running North 80 degrees 27

minutes East along said right of way line for a distance of 223.00 feet to the point of beginning. Parcel contains 1.204 acres more or less. Excepting all ores and mineral interests of record, and subject to any mining and development rights thereto and recorded easements.